

5661. By Mr. COPLEY: Petition of Esther Murray and others of St. Mary's rectory, Elgin, Ill., protesting against the Smith-Towner bill; to the Committee on Education.

5662. By Mr. DARROW: Petition of the Donald T. Shenton Pest, No. 130, American Legion, Philadelphia, Pa., urging passage of the Rogers bill; to the Committee on Interstate and Foreign Commerce.

5663. Also, petition of the Poor Richard Club, of Philadelphia, Pa., in favor of the daylight-saving legislation; to the Committee on Interstate and Foreign Commerce.

5664. Also, petition of the New Century Club, of Philadelphia, Pa., urging the passage of the Esch-Jones bill (H. R. 14469); to the Committee on Interstate and Foreign Commerce.

5665. By Mr. FULLER: Petition of D. O. Thompson, secretary of the Illinois Agricultural Association, favoring the passage of the bill to regulate the packing industry; to the Committee on Agriculture.

5666. By Mr. GALLIVAN: Petition of Submarine Signal Co. and Commonwealth Trust Co., both of Boston, Mass., urging the passage of the Nolan bill (H. R. 15662); to the Committee on Patents.

5667. Also, petition of Ladies' Catholic Benevolent Association, Alice C. Maloney, Massachusetts supreme trustee, representing 10,000 members in Massachusetts, and petition of Liberty St. Alphonsus Association, of Boston, Frank V. Ward, president, all in the State of Massachusetts, protesting against the passage of the Smith-Towner bill; to the Committee on Education.

5668. By Mr. KELLY of Pennsylvania: Petition of Young Men's Catholic Society of Pittsburgh, Pa., protesting against the Smith-Towner bill; to the Committee on Education.

5669. By Mr. SMITH of Michigan: Petition of V. C. Squier Co., of Battle Creek, Mich., protesting against the free entry of wound musical strings; to the Committee on Ways and Means.

5670. By Mr. SNELL: Petition of Daughters of Isabella of Court Mary Elizabeth No. 256, Lake Placid, N. Y., protesting against the passage of the Smith-Towner bill; to the Committee on Education.

5671. Also, petition of sundry citizens of St. Regis Falls, N. Y., protesting against the passage of the Smith-Towner bill; to the Committee on Education.

5672. Also, petition of sundry citizens of the town of West Chazy, N. Y., opposing the passage of the Smith-Towner bill; to the Committee on Education.

5673. By Mr. STINESS: Petition of Commodore Perry Council No. 14, Junior Order United American Mechanics, of Wakefield, R. I., protesting against the admission into this country of undesirable and illiterate immigrants; to the Committee on Immigration and Naturalization.

5674. By Mr. THOMPSON: Petition of certain citizens and veterans of Defiance County, Ohio, protesting against the Smith-Towner bill; to the Committee on Education.

## SENATE.

FRIDAY, February 11, 1921.

(Legislative day of Wednesday, February 2, 1921.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

### CREDENTIALS.

The VICE PRESIDENT laid before the Senate a certificate of the governor of Nevada certifying to the election of TASKER L. ODDIE as a Senator from that State for the term of six years, beginning March 4, 1921, which was read and ordered to be filed, as follows:

STATE OF NEVADA,  
Executive Department.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that at a general election held in the State of Nevada on Tuesday, the 2d day of November, 1920, TASKER L. ODDIE was duly elected by the qualified electors of the State of Nevada a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1921, having received the highest number of votes cast for said office at said election, as appears by the certificate of the duly constituted and qualified board of canvassers now on file in the office of the secretary of state at Carson City, Nev.

Witness: His excellency our governor, Emmet D. Boyle, and our seal hereto affixed at Carson City this 21st day of December, in the year of our Lord 1920.

EMMET D. BOYLE, Governor.

By the governor:  
[SEAL.]

GEORGE BRODIGAN, Secretary of State.  
By R. P. BURRIS, Deputy.

### CUSTOMS STAMPS (S. DOC. NO. 383).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, suggesting a paragraph of legislation for inclusion in the pending deficiency bill increasing the number of sheets of customs stamps to be delivered by the Bureau of Engraving and Printing during the current fiscal year, which was referred to the Committee on Appropriations and ordered to be printed.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by W. H. Overhue, its assistant enrolling clerk, announced that the House had passed the bill (H. R. 15962) making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1921, and prior fiscal years, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolution, and they were thereupon signed by the Vice President:

S. 4515. An act to extend the time for the construction of a bridge across the navigable waters of the Newark Bay, in the State of New Jersey;

S. 4541. An act to extend the time for the construction of a bridge across the Susquehanna River at Harrisburg, Pa.;

S. 4587. An act granting the consent of Congress to the counties of Brooks and Lowndes, in the State of Georgia, to construct a bridge over the Withlacoochee River;

S. 4603. An act to revive and reenact the act entitled "An act to authorize the Gulf Ports Terminal Railway Co., a corporation existing under the laws of the State of Florida, to construct a bridge over and across the headwaters of Mobile Bay and such navigable channels as are between the east side of the bay and Blakely Island, in Baldwin and Mobile Counties, Ala.," approved October 5, 1917;

S. 4737. An act authorizing the Prescott Bridge Co. to construct a bridge across Lake St. Croix at or near the city of Prescott, in the State of Wisconsin;

S. 4787. An act granting consent for the construction, maintenance, and operation of a bridge across the Delaware River from the city of Philadelphia, Pa., to the city of Camden, N. J.;

S. 4825. An act to extend the time for the construction of a bridge across the Columbia River between the States of Oregon and Washington at or within 2 miles westerly from Cascade Locks, in the State of Oregon;

S. 4896. An act to revive and reenact the act entitled "An act to authorize the Hudson River Connecting Railroad Corporation to construct a bridge across the Hudson River, in the State of New York," approved March 13, 1914;

S. 4949. An act to authorize the building of a bridge across the Santee River in South Carolina;

S. 4950. An act to authorize the building of a bridge across the Pee Dee River in South Carolina;

S. 4951. An act to authorize the building of a bridge across the Wateree River in South Carolina; and

S. J. Res. 186. Joint resolution to extend the authority of the county of Luzerne, State of Pennsylvania, to construct a bridge across the north branch of the Susquehanna River from the city of Wilkes-Barre, county of Luzerne, Pa., to the borough of Dorranceton, county of Luzerne, Pa.

### PETITIONS AND MEMORIALS.

Mr. MOSES presented resolutions of Villa Marcia, Association Canado-Americaine, and Cour Les Montagnards, Association Canado-Americaine, both of Claremont, N. H., remonstrating against the enactment of legislation to create a department of education, which were referred to the Committee on Education and Labor.

Mr. PAGE presented a petition of sundry citizens of Chester and Delaware Counties, Pa., praying for the enactment of legislation to reduce armaments, and also favoring a naval holiday, which was referred to the Committee on Foreign Relations.

Mr. BALL presented memorials of Kate Dougherty, Rosalie F. Pool, Paul Dougherty, C. W. Zolper, Z. A. Pool, James A. Harty, Frank J. Harty, Mae A. Hughes, Ellen V. O'Dwyer, Lucy Peach, Helen Gleeson, Pauline E. Piebling, Nan A. Neary, Cecelia M. Hamill, and William J. Reader, jr., all of Wilmington, Del., and sundry citizens of Milford, Del., remonstrating against the enactment of legislation to create a department of education, which were referred to the Committee on Education and Labor.

He also presented memorials of Marion Dougherty, George R. Dougherty, and John J. Dougherty, all of Wilmington, Del., remonstrating against the enactment of legislation to create a department of education, which were referred to the Committee on Education and Labor.

Mr. CULBERSON presented a telegram in the nature of a memorial signed by John F. Murphy and sundry other citizens of Dallas, Tex., remonstrating against the enactment of legislation to create a department of education, which was referred to the Committee on Education and Labor.

Mr. CAPPER presented a telegram in the nature of a memorial of Sacred Heart Council No. 723, Knights of Columbus, of Atchison, Kans., remonstrating against the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a resolution of the Farmers' Educational and Cooperative Union of America, Local Union No. 1459, of Mercer County, Mo., favoring legislation prohibiting gambling in grain products, which was referred to the Committee on Agriculture and Forestry.

He also presented a petition of High Prairie Local Union, No. 1588, Farmers' Educational and Cooperative Union of America, of Huron, Kans., praying for the enactment of legislation to prohibit gambling in grain products, which was referred to the Committee on Agriculture and Forestry.

Mr. HALE presented a resolution of the Legislature of Maine, which was ordered to lie on the table, as follows:

STATE OF MAINE,  
HOUSE OF REPRESENTATIVES,  
January 21, 1921.

Joint resolution by the Senate and House of Representatives of the eightieth Legislature of the State of Maine.

Whereas all Federal aid for highway improvement provided by acts of Congress approved July 11, 1916, and February 28, 1919, has been apportioned to the States in accordance with the terms of said acts; and

Whereas there is now pending in Congress a bill introduced by Representative McARTHUR providing for a continuance of Federal aid in the amount of \$100,000,000 per year for each of the four fiscal years beginning July 1, 1921: Now, therefore be it

*Resolved*, That it is the sense of the Legislature of Maine that said McArthur bill should have a prompt passage by Congress and we hereby request our Senators and Representatives to work for and vote for the passage of said bill: And be it further

*Resolved*, That the secretary of state be instructed to furnish forthwith to each of the Maine Senators and Representatives in Congress a certified copy of this resolution.

Read and adopted. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

In senate chamber, January 25, 1921. Read and adopted in concurrence.

L. ERNEST THORNTON, Secretary.

UNITED STATES OF AMERICA,  
STATE OF MAINE, OFFICE OF SECRETARY OF STATE.

I, Frank W. Ball, secretary of state of the State of Maine, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of joint resolution of the Senate and House of Representatives of the State of Maine in legislature assembled, with the original thereof, and that it is a full, true, and complete transcript therefrom and of the whole thereof.

In testimony whereof I have caused the seal of the State to be hereunto affixed. Given under my hand at Augusta this 4th day of February, in the year of our Lord 1921, and in the one hundred and forty-fifth year of the independence of the United States of America.

[SEAL.]

FRANK W. BALL,  
Secretary of State.

ROBERT W. FARRAR.

Mr. McCUMBER, from the Committee on Pensions, to which was referred the amendment intended to be proposed by him to House bill 15962, the general deficiency bill, proposing to pay to Robert W. Farrar for extra and expert services rendered to the Committee on Pensions during the sessions of the Sixty-sixth Congress \$1,200, reported it favorably and moved that it be referred to the Committee on Appropriations, which was agreed to.

#### BILL AND JOINT RESOLUTIONS INTRODUCED.

A bill and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 5009) to extend the provisions of the existing bounty-land laws to the officers and enlisted men and officers and men of the boat companies of the Florida Seminole war; to the Committee on Public Lands.

A joint resolution (S. J. Res. 257) providing for a survey of the Suwannee River from Ellaville, Fla., to the Gulf; and

A joint resolution (S. J. Res. 258) providing for a survey of East Pass between the Gulf of Mexico and Choctawhatchee Bay, State of Florida; to the Committee on Commerce.

#### AMENDMENTS TO APPROPRIATION BILLS.

Mr. SWANSON submitted an amendment proposing to appropriate \$100,000,000, to aid in the construction of roads, etc., intended to be proposed by him to the Post Office appropriation bill, which was ordered to lie on the table and to be

inted.

Mr. McCUMBER submitted an amendment proposing to pay to Walston H. Brown, sole surviving partner of the firm of Brown, Howard & Co., the sum of \$65,792.53; to the Philadelphia & Reading Coal & Iron Co., the sum of \$26,400.30; and to the estate of Henry A. V. Post, the sum of \$50,359.35, as adjudged by the Court of Claims upon its findings of fact, etc., intended to be proposed by him to the general deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. ROBINSON submitted an amendment intended to be proposed by him to the legislative, etc., appropriation bill, which was ordered to lie on the table and be printed in the RECORD, as follows:

After the items for the Bureau of Immigration on page 147, after line 23, to insert:

Division of Information: Chief, \$3,500; assistant chief, \$2,500; clerks—2 of class 4, 1 of class 3, 2 of class 2, 3 of class 1, 1 \$900; messenger; in all, \$19,340.

M. H. BUMPHEY.

Mr. SMITH of Arizona submitted a resolution (S. Res. 445), which, with the accompanying papers, was referred to the Committee on Rules, as follows:

*Resolved*, That the Sergeant at Arms of the Senate be, and he is hereby, authorized and directed to place upon the roll of messengers in the employ of the Senate, the name of M. H. Bumphey, the same to be borne thereon in accordance with the provisions of Senate resolution No. 72, agreed to on July 14, 1911, at a compensation at the rate of \$1,440 per annum, such compensation to be paid from the contingent fund of the Senate until otherwise provided for by law.

#### HEIRS OF A. R. VERMILLION, DECEASED.

Mr. SMITH of Maryland submitted a resolution (S. Res. 446), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

*Resolved*, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate to H. M. Vermillion, Ella M. Nessmith, Viola Keppler, and Olga M. Hunter, son and daughters of A. R. Vermillion, late a policeman in the Capitol (authorized by the sundry civil act), a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

CAPT. EDMUND G. CHAMBERLAIN, UNITED STATES MARINE CORPS.

Mr. SHEPPARD submitted a resolution (S. Res. 447), which was referred to the Committee on Naval Affairs, as follows:

*Resolved*, That the Naval Affairs Committee is authorized and directed to investigate the facts leading to the court-martial, as well as the court-martial proceedings, and all the findings in the case of former Capt. Edmund G. Chamberlain, United States Marine Corps, and report to Congress.

#### HOUSE BILL REFERRED.

The bill (H. R. 15962) making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1921, and prior fiscal years, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### LEGISLATIVE, EXECUTIVE, AND JUDICIAL APPROPRIATIONS.

Mr. McCUMBER. Mr. President, I ask unanimous consent that the unfinished business, House bill 15275, may be temporarily laid aside for the purpose of taking up for consideration the legislative, executive, and judicial appropriation bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WARREN. I ask that the appropriation bill may be proceeded with.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 15543) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. WARREN. I ask that the formal reading of the bill may be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. FLETCHER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Borah	Dillingham	Glass	Kendrick
Brandegge	Elkins	Gooding	Kenyon
Calder	Fernald	Gronna	Keyes
Capper	Fletcher	Hale	Kirby
Culbertson	France	Harris	Lenroot
Curtis	Gay	Heflin	Lodge
Dial	Gerry	Jones, Wash.	McCumber



McKellar	Poindexter	Smith, Ga.	Underwood
McLean	Pomerene	Smith, S. C.	Walsh, Mass.
McNary	Ransdell	Smoot	Walsh, Mont.
Moses	Reed	Spencer	Warren
Myers	Robinson	Sterling	Williams
Nelson	Sheppard	Sutherland	Wolcott
New	Simmons	Thomas	
Pittman	Smith, Ariz.	Trammell	

Mr. GRONNA. I was requested to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent, engaged in a hearing before the Committee on Manufactures.

The VICE PRESIDENT. Fifty-eight Senators have answered to the roll call. There is a quorum present. The Secretary will proceed with the reading of the bill.

The reading clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, on page 1, line 8, in the items for the office of the Vice President, to strike out "telegraph operator" and insert "clerk," so as to read "Clerk, \$1,500."

Mr. WARREN. I ask that the amendment be disagreed to. The amendment was rejected.

Mr. WARREN. I now move to amend, in line 8, page 2, by striking out the words "telegraph operator, \$1,500; page, \$600," and inserting in lieu thereof "messenger, \$1,000."

The amendment was agreed to.

Mr. MOSES. Is it the purpose of the amendment just agreed to to deprive the office of the Vice President of one clerk?

Mr. WARREN. I think I shall have to explain the amendment. Away back in the olden days we had a very valuable employee to handle the telegraph business. That was before we had telephones and before any arrangement had been made by the telegraph companies to operate branch offices in the Capitol. The consequence was that we provided that the Vice President should appoint a telegrapher, and Congress would pay him. He had his office at another place in the Capitol.

Since that time we have had the telephone service installed, and the telegraph companies have both put in offices to take care of that business. The Vice President has no use for a telegraph operator and suggests that he is unnecessary to that office, but has suggested the desirability of striking out "page, \$600," and putting in "messenger, \$1,000." Hence the amendment which I have offered, which has just been agreed to.

The VICE PRESIDENT. The Chair may supplement what has been said by stating that the telegraph operator is not an employee who belongs to the office of the Vice President. That office has never had any use for such an employee. The Chair thinks that the incoming Vice President, instead of having a page should have some one larger than a page, a messenger at \$1,000 a year to look after the office.

Mr. WARREN. On page 2, line 9, after the words "in all," I move to strike out "\$7,700" and insert "\$6,600."

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, in the items for the office of the Secretary of the Senate, page 2, line 18, to strike out "file clerk, chief bookkeeper, and assistant Journal clerk, at \$2,500 each" and insert "chief bookkeeper, \$2,500," so as to read:

Office of Secretary: Secretary of the Senate, including compensation as disbursing officer of salaries of Senators and of contingent fund of the Senate, \$6,500; assistant secretary, Henry M. Rose, \$5,000; reading clerk, \$4,000; financial clerk, \$4,000; chief clerk, \$3,250; assistant financial clerk, \$3,250; minute and Journal clerk, principal clerk, librarian, enrolling clerk, and printing clerk, at \$3,000 each; executive clerk, \$2,750; chief bookkeeper, \$2,500.

Mr. WARREN. On page 2, line 18, before the words "file clerk," I move to strike out the half of the parenthesis which appears between the numerals "\$2,750" and the words "file clerk." It is unnecessary.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 2, line 22, after the word "clerks," to strike out "three" and insert "two," so as to read "two at \$2,500 each."

Mr. WARREN. I ask that that amendment be disagreed to. The amendment was rejected.

The next amendment was, on page 2, line 22, after the word "each," to insert "(one of whom shall act as assistant Journal clerk and one of whom shall act as file clerk)."

The amendment was agreed to.

The next amendment was, on page 2, line 24, before the word "each," to strike out "four" and insert "two."

Mr. WARREN. On page 2, line 24, after the words "file clerk," I move to amend the committee amendment by striking out "4" and inserting "3."

Mr. JONES of Washington. The committee went into this matter pretty carefully, and I do not see why we should now change the committee amendment.

Mr. WARREN. Very well, let the amendment be agreed to as reported.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 2, line 24, after the word "each," to strike out "2 at \$2,100 each" and insert "1 \$2,100," and in line 25, to strike out "1 \$1,800, 2 at \$1,600 each" and to insert "1 \$1,750," so as to read:

One \$2,100, 1 \$1,750.

The amendment was agreed to.

The next amendment was, on page 3, line 4, in the total of the appropriation for the office of the Secretary of the Senate, to strike out "\$97,590" and to insert "\$80,800."

Mr. WARREN. Mr. President, I think that total should be corrected.

The VICE PRESIDENT. If there be no objection, the Secretary will be authorized to correct the totals in the bill.

Mr. WARREN. I ask that the Secretary may correct the totals and also the punctuation.

The VICE PRESIDENT. The Chair hears no objection, and the Secretary is authorized to correct the totals.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 3, line 6, in the items for the document room, to strike out the name "John W. Lambert."

Mr. McKELLAR. May I ask the chairman of the committee about that amendment? I hope that the amendment may not be agreed to. Mr. Lambert is one of the most valuable men in the employ of the Senate.

Mr. WARREN. Mr. President, there is not the slightest disrespect intended to Mr. Lambert, and there is no intention of displacing him; on the contrary, there is every intention that he may work in the office where he is employed for his lifetime if he so desires; but the proposition is this: In times past it has been quite the thing to put into the bill the names of certain employees. From time to time, however, that practice has been discontinued as the employees named in the bill died or left the service; and now if we leave Mr. Lambert's name in as first assistant in the document room that privilege will be accorded him while the chief of that room will not be named. When the former head of that office was named in the bill Mr. Lambert occupying the next position was also named; but now the name of Mr. Lambert is the last one written in the bill, other than that of the Assistant Secretary of the Senate, so far as the provisions affecting the Senate are concerned.

Formerly the name of the first clerk of the Appropriations Committee was placed in the bill, or rather there was a provision that he should receive a certain salary during his term of service and that the salary should be less in the event a successor to him was appointed. The same thing was true of the financial clerk and others. That was done in the effort to take care of some of the older and very valuable employees of the Senate. Mr. Lambert has not been in the employ of the Senate long enough to entitle him to be named in the bill in any event. He is a valued man, but there have been no other employees named in the bill with the exception I have indicated. When the name of the head of the document room was in the bill it was not so much against the principles of good legislation that the name of the assistant should also be placed in the bill, but now the committee, following out what they think a desirable practice, inasmuch as the head of the document room is not mentioned by name, has concluded it was best not to mention the first assistant by name.

Mr. McKELLAR. Mr. President, I merely wish to say that about two years ago this matter was under consideration and it was agreed by everybody, I think, at that time that Mr. Lambert was a most valuable man and that it should be arranged to mention him by name in the bill so that he could be retained because of the value of his services in the office where he is employed. I think every Senator on both sides of the Chamber will admit that he is a very painstaking, conscientious, splendid, and efficient man.

Mr. WARREN. Mr. President, I can not add anything to what I have said. Mr. Lambert is one of the best; but sitting at the Secretary's desk, performing duties in the Secretary's room, in the financial clerk's office, and elsewhere are employees who are almost indispensable, as is Mr. Lambert. Their names, however, do not appear in the bill. It is not good practice to place

the names in bills of this character, and was only permissible at the time Mr. Lambert was named—and I did not object to it at that time because the name of the head of the document room was placed in the bill, and we accorded the same privilege to the first assistant.

Mr. McKELLAR. It occurred to me that perhaps it was for the purpose of discontinuing his services.

Mr. WARREN. No; there is no such purpose.

Mr. SMOOT. Not in the least, I will say to the Senator. No Senator on this side of the Chamber would think for a moment of making a change, so far as I know.

I will add that, as the Senator from Wyoming has said, the practice was inaugurated in the House of putting in the names of certain employees in the appropriation bill, but now they have all been taken out with the exception of one or two. The name of Mr. Lambert was originally put in because the name of the chief of the document room was placed in the bill. Now, however, the name of the head of the document room is not in the bill, and it is desired to remove the name of the first assistant, but the appropriation for him is made just the same.

The VICE PRESIDENT. In order to complete the statement the Chair will say that he has examined the record, and the name of Henry M. Rose appears in the bill because the statute creating the office of Assistant Secretary appointed him to that place.

Mr. SMOOT. His is the only name that will appear in this bill?

Mr. WARREN. It is the only name that will appear in the bill relating to Senate employees. There may be the name of one or more House employees named in the bill, but that is a matter over which we have no control.

Mr. McKELLAR. I wish to express the hope that the name of Mr. Rose will appear in the bill so long as Mr. Rose wants it there, because everyone realizes what a valuable man he is.

The VICE PRESIDENT. It is fair to have it in the record that the statute which created the office of Assistant Secretary named Mr. Rose to that place, and so his name must appear in the bill.

Mr. McKELLAR. I withdraw the objection.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 3, line 6, after the numerals "\$2,500," to strike out "assistants—1 \$2,250, 1 \$1,440; clerk, \$1,440," and insert "2 clerks, at \$1,440 each," and in line 8, to strike out "\$12,330" and insert "\$10,080," so as to make the paragraph read:

Document room: Superintendent, \$3,500; first assistant, \$2,500; 2 clerks, at \$1,440 each; skilled laborer, \$1,200; in all, \$10,080.

The amendment was agreed to.

The next amendment was, on page 5, line 25, in the items for office of Sergeant at Arms and Doorkeeper of the Senate, after the word "messengers," to strike out "four" and insert "five," and in the same line, after the word "doorkeepers" to insert "including one for minority," so as to read:

Messengers, five (acting as assistant doorkeepers, including one for minority), at \$1,800 each.

The amendment was agreed to.

The next amendment was, on page 6, line 8, in the items for office of Sergeant at Arms and Doorkeeper of the Senate, after the words "laborer in charge of private passage," to strike out "\$840" and insert "\$900."

The amendment was agreed to.

The next amendment was, on page 6, line 17, in the total for office of Sergeant at Arms and Doorkeeper of the Senate, to strike out "\$152,380" and insert "\$154,240."

The amendment was agreed to.

The next amendment was, on page 7, line 23, to strike out "\$7,000" and insert "\$10,000," so as to read:

For maintaining, exchanging, and equipping motor vehicles for carrying the mails, and for official use of the offices of the Secretary and Sergeant at Arms, \$10,000, or so much thereof as may be necessary.

The amendment was agreed to.

The next amendment was, on page 8, line 5, to strike out "\$10,000" and insert "\$5,000," so as to read:

For folding speeches and pamphlets, at a rate not exceeding \$1 per thousand, \$5,000.

The amendment was agreed to.

The next amendment was, on page 8, line 7, to strike out "\$1,500" and insert "\$2,500," so as to read:

For fuel, oil, cotton waste, and advertising, exclusive of labor, \$2,500.

The amendment was agreed to.

The next amendment was, on page 8, line 21, to strike out "\$25,000" and insert "\$100,000," so as to read:

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers to committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding \$1.25 per printed page, \$100,000.

The amendment was agreed to.

The next amendment was, on page 8, line 24, to strike out "\$30,000" and insert "\$40,000," so as to read:

For reporting the debates and proceedings of the Senate, payable in equal monthly installments, \$40,000.

The amendment was agreed to.

The next amendment was, on page 9, line 3, in the item for Capitol police, before the word "privates," to strike out "forty-seven" and insert "thirty-three"; in line 4, to strike out "10 additional privates, at \$840 each"; and in line 7, to strike out "\$65,550" and insert "\$42,450," so as to read:

#### CAPITOL POLICE.

For captain, \$1,800; 3 lieutenants, at \$1,200 each; 2 special officers, at \$1,200 each; 33 privates, at \$1,050 each; one-half of said privates to be selected by the Sergeant at Arms of the Senate and one-half by the Sergeant at Arms of the House; in all, \$42,450.

The amendment was agreed to.

The next amendment was, on page 22, line 23, to increase the appropriation for the legislative reference service in the Library of Congress from \$25,000 to \$35,000.

The amendment was agreed to.

The next amendment was, on page 25, line 9, in the items for Library building and grounds, before the word "laundress," to insert "book cleaner, \$720."

Mr. FLETCHER. Do I understand that is a new position entirely?

Mr. WARREN. It is entirely a new position. It is said to be necessary by the superintendent of the building, as at present he is compelled to take higher priced clerks to do the work, unless we provide for the employee specified.

Mr. FLETCHER. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, in the item for Library building and grounds, on page 25, line 17, to change the total from "\$91,545" to "\$92,265."

The amendment was agreed to.

The next amendment was, on page 26, after line 1, to insert the following proviso:

Provided, That within 30 days after the approval of this act the Secretary of War is authorized and directed to deliver to the Library of Congress, without payment therefor, one 1-ton truck.

The amendment was agreed to.

The next amendment was, on page 27, line 10, to insert the following proviso:

Provided, That within 30 days after the approval of this act the Secretary of War is authorized and directed to deliver to the Botanic Garden, without payment therefor, one 3-ton and one 1-ton truck.

Mr. FLETCHER. Mr. President, I understand the chairman of the committee and the members of the committee are sure that the Secretary of War has the trucks on hand which may be used for this purpose.

Mr. WARREN. Our information is that the Secretary has a great many of them that are standing idle, some of them unsheltered and almost uncared for.

Mr. SMOOT. There are thousands of them, I will say to the Senator.

Mr. WARREN. I will say, furthermore, that the House committee took the pains, as I am informed, by a subcommittee to go out and look at the trucks. This amendment and the one preceding were really in the House bill originally, but in the contention over there they went out on a point of order, and we have restored them.

Mr. FLETCHER. I think under those circumstances the trucks certainly ought to be used. The services indicated are good places to use them; but I was not quite sure whether the direction the bill contains to turn over one 3-ton truck and two 1-ton trucks could be carried out.

Mr. WARREN. Of course, if the Secretary of War has not the trucks, he can not deliver them, but I think he has them.

Mr. POMERENE. Mr. President, I am going to presume to offer the following amendment: On page 27, line 24, I move to strike out the figures "\$12,000" and insert "\$15,000."

Mr. WARREN. Mr. President, while I think many Senators would like to join with the Senator from Ohio in voting for such an amendment, he will have to wait, I think, under the unanimous-consent agreement, until the committee amendments shall have been disposed of.



Mr. POMERENE. Mr. President, because of the special situation existing I ask unanimous consent to offer the amendment now.

Mr. SMOOT. I will say to the Senator if the amendment proposed by him is agreed to, then we certainly will have to increase the salary of the Speaker of the House of Representatives accordingly.

Mr. POMERENE. I have no objection to that being done. I ask unanimous consent to offer the amendment.

The VICE PRESIDENT. Is there any objection? The Chair hears none.

Mr. UNDERWOOD. I ask that the amendment be stated.

The READING CLERK. On page 27, line 24, it is proposed to strike out "\$12,000" and insert "\$15,000," so as to read:

For compensation of the Vice President of the United States, \$15,000.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. SMOOT. Mr. President, to insure that it will not be overlooked, I ask unanimous consent that in the proper place in the bill the appropriation of \$12,000 for the Speaker of the House may be changed to \$15,000. If that change is not made the question of the Speaker's salary could not go to conference. Therefore, I make that request.

Mr. LODGE. Why not?

Mr. SMOOT. Because the House has provided \$12,000 for the Speaker.

Mr. WARREN. Mr. President, I think I ought to say that while the House may contest that point, at the same time there is no exact parallel between the office of Speaker and the office of Vice President. The Vice President becomes the Acting President of the United States on many occasions, and always in the event of the President's inability or in case of a vacancy in the office, and he has consequently a great many more expenses than the Speaker has. So, without regard to the compensation of the Speaker, the Vice President should have \$15,000 or even more; so the chairman of the committee will not object to the amendment offered, although the rocky road that it will have to meet on the House side is plainly in sight.

Mr. FLETCHER. Mr. President, I do not quite agree with the idea that the Speaker of the House should receive the same compensation as the Vice President. I do not think the office is quite parallel with that of Vice President of the United States, and I really think there should be some difference in the amount of compensation paid to these two officials.

As the Senator from Wyoming has said, the Vice President is sometimes called upon to act as President. The Vice President has to do a great deal of entertaining of foreign diplomats, and all that sort of thing—things that the Speaker of the House is not called upon to look after. There is no doubt of the importance of the office of Speaker of the House, but I can not agree that the position corresponds to that of Vice President of the United States. I think, therefore, a difference should be recognized in the compensation as well as in the functions and in the duties of the offices.

I can not, therefore, consent to the request of the Senator from Utah at this time.

Mr. SMOOT. In view of the statement I have just heard, I shall not ask it at this time. I had in mind the thought that unless a change was made in the provision for Speaker of the House the amount could not be changed in conference to \$15,000, because of the House and the Senate having agreed to it; but in view of the statement I have just heard I shall not ask it.

The VICE PRESIDENT. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 28, line 17, in the items for contingent expenses of the Executive Office, after the words "including labor," to insert "special services"; and, in line 19, to strike out "\$30,000" and insert "\$36,000," so as to read:

For contingent expenses of the Executive Office, including stationery, record books, telegrams, telephones, books for library, furniture and carpets for offices, automobiles, expenses of garage, including labor, special services, and miscellaneous items, to be expended in the discretion of the President, \$36,000.

The amendment was agreed to.

The next amendment was, on page 29, line 24, in the items for temporary employees for the Civil Service Commission, after the words "per annum," to insert "except one at \$3,000," so as to make the proviso read:

Provided, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except one at \$3,000.

The amendment was agreed to.

The next amendment was, on page 31, line 22, after the item "For rent of building for the Civil Service Commission, \$16,875," to insert "if space can not be assigned by the Public Buildings Commission in other buildings under the control of that commission."

The amendment was agreed to.

The next amendment was, on page 32, line 2, in the items for Department of State, to strike out "counselor for the department" and insert "Undersecretary of State"; and in line 23 to strike out "counselor of the department" and insert "Undersecretary."

The amendment was agreed to.

The next amendment was, on page 33, line 8, to increase the appropriation for temporary employees in the Department of State from "\$250,000" to "\$300,000."

The amendment was agreed to.

The next amendment was, on page 34, line 2, to increase the appropriation for miscellaneous expenses of the Department of State from "\$15,000" to "\$30,000."

The amendment was agreed to.

The next amendment was, on page 34, line 2, to insert the following proviso:

Provided, That not exceeding \$15,000 of this sum shall be available for a fireproof receptacle for the Declaration of Independence and other valuable papers.

The amendment was agreed to.

The next amendment was, on page 37, line 11, in the items for the Treasury Department, after the words "Arlington Building," to strike out the words "and annex."

The amendment was agreed to.

The next amendment was, on page 39, after line 20, to insert the following additional proviso:

Provided further, That within 30 days after the approval of this act the Secretary of War is authorized and directed to transfer to the Secretary of the Treasury without payment therefor two light motor trucks for use of the General Supply Committee: *Provided further*, That typewriters and computing machines transferred to the General Supply Committee as surplus, where such machines have become unfit for further use, may, in the discretion of the Secretary of the Treasury, be issued to other Government departments and establishments at exchange prices quoted in the current general schedule of supplies or sold commercially provided the price obtained is in excess of the exchange prices.

Repairs to typewriting machines (except bookkeeping and billing machines) in the Government service in the District of Columbia may be made at cost by the General Supply Committee, payment therefor to be effected by transfer and counter warrant, charging the proper appropriation and crediting the appropriation "General Supply Committee, Transfer of office material, supplies, and equipment."

Mr. CALDER. Mr. President, I make the point of order against the provision, on page 40, lines 8 to 14, reading as follows:

Repairs to typewriting machines (except bookkeeping and billing machines) in the Government service in the District of Columbia may be made at cost by the General Supply Committee, payment therefor to be effected by transfer and counter warrant, charging the proper appropriation and crediting the appropriation "General Supply Committee, Transfer of office material, supplies, and equipment."

The VICE PRESIDENT. What is the point of order?

Mr. WARREN. It is a matter of regulation of the General Supply Committee that is provided for by law.

The VICE PRESIDENT. Let us find out what the point of order is.

Mr. CALDER. That it is new legislation, not authorized by existing law.

The VICE PRESIDENT. New legislation? That is no ground for a point of order.

Mr. WARREN. It does not appropriate any money.

The VICE PRESIDENT. The point of order is overruled. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 41, line 10, in the items for the Treasury Department, after the word "Appointments," to strike out "(including section of surety bonds)"; in line 13, before the words "of class 3," to strike out "four" and insert "three"; after the words "of class 3," to strike out "(including one transferred from section of surety bonds)"; in line 14, before the words "of class 2," to strike out "six" and insert "five"; after the words "of class 2," to strike out "(including 1 transferred from section of surety bonds)"; and in line 17, to strike out "\$36,710" and insert "\$33,710," so as to read:

Division of Appointments: Chief of division, \$3,000; assistant chief of division, \$2,250; executive clerk, \$2,000; clerks—3 of class 4, 3 of class 3, 5 of class 2, 4 of class 1, 2 at \$1,000 each, 1 \$900; messenger; assistant messenger; in all, \$33,710.

The amendment was agreed to.

The next amendment was, on page 41, after line 17, to insert: Section of Surety Bonds: Chief, \$2,250; clerks—1 of class 3, 1 of class 2, 2 of class 1, 1 \$1,000; assistant messenger; in all, \$9,370.

Mr. FLETCHER. Mr. President, may I ask a question about the compensation of these clerks? The amendment provides for 1 clerk of class 3, 2 clerks of class 2, 2 clerks of class 1, and so forth. That means that the clerks of those classes receive a certain compensation?

Mr. WARREN. Yes.

Mr. FLETCHER. Will the Senator state what that is?

Mr. WARREN. Some years ago, as I think the Senator remembers, we undertook to examine all the different companies engaged in issuing surety bonds for employees and appointees of the Government, and we arranged that the Appointment Division should be increased sufficiently so that they could have what afterwards became a little bureau of surety bonds.

There has been a good deal of contention, and I may say almost propaganda, on the part of a great many who desire it done away with entirely. On the other hand, there is an insistence on the part of those especially interested, of course, as employees, that it shall be retained. The committee proposes to retain it, but to disentangle it from the bureau of appointments, where they have had clerks transferred from other departments. We want, as far as we can, to stop this idea of transferring. When we prescribe how many clerks a department shall have, we do not like to have some other department, that happens to get away with 100 or 200 more than it needs, detailing them. We find that some departments have detailed not less than a dozen of their clerks; so we have protected the surety-bond business by giving this section a total of \$9,320, providing a chief clerk at \$2,250, one clerk of class 3, one clerk of class 2, two clerks of class 1, and one clerk at \$1,000.

Mr. FLETCHER. I understand the matter now, and I think the committee is right; but what I desire to know is, What is the compensation of these clerks of class 3, class 2, and class 1?

Mr. WARREN. The compensation of clerks of class 1, as the Senator knows, is \$1,200; the compensation of clerks of class 2 is \$1,400; the compensation of clerks of class 3 is \$1,600; the compensation of clerks of class 4 is \$1,800; and, of course, if we shall vote a bonus, they will come under the bonus provision with the others.

Mr. FLETCHER. I see.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 44, line 12, in the items for Bureau of War Risk Insurance, after the numerals "\$100,000," to insert "Pierce accounting machine, \$255,000"; and, in line 18, to change the total from "\$7,145,400" to "\$7,400,400."

The amendment was agreed to.

The next amendment was, on page 45, line 4, before the word "soliciting," to insert "personally," so as to make the additional proviso read:

*Provided further, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except the following: Three at not exceeding \$7,500 each, 5 at not exceeding \$5,000 each, 16 at not exceeding \$4,500 each, 20 at not exceeding \$4,000 each, 16 at not exceeding \$3,500 each, 26 at not exceeding \$3,000 each, 30 at not exceeding \$2,500 each, and 150 at not exceeding \$2,000 each: Provided further, That no part of this sum shall be expended for salaries or expenses in personally soliciting the reinstatement of lapsed insurance.*

Mr. McKELLAR. Mr. President, will the chairman of the committee explain what is meant by the introduction of the word "personally" in this proviso?

Mr. WARREN. A question came up about how the word "soliciting" should be construed. The fact is that the War Risk Bureau has in every State, and almost if not quite in every county, and in most of the cities, a representative—who, of course, is in most cases a physician—who is authorized to and does examine the applicants that may come to him from the service, and recommends them for whatever percentage of disability they may have, or for total disability, and these same men or agents give all information as to insurance, and so forth. Now, the point of this provision is this—

Mr. McKELLAR. I think the Senator does not understand what I am asking about.

Mr. WARREN. If the Senator will wait a minute, I will answer his question. The object of this amendment is to prevent men under Government employment from taking automobiles and going all over the country to do what can be done without it, as has been done, I understand, in some cases. For instance, it has gotten to the point in the past year that in my country, in the case of the Marine Corps, men will go out in an automobile 30 or 40 miles to find some man who they hear might enlist and bring him into town. Of course, the expense is very large, and the percentage of those who are found unfit is quite large, and we have all that expense to pay, which is

unnecessary. I did not believe that we needed the word "personally," but it has been inserted to make the provision more liberal, simply to stop the personal solicitation of men to do what they do not want to do. The law is before them; the privileges are all before them; they are supposed to know what to do; but we do not want men hanging around the doors and soliciting, as we sometimes find people around the doors of the Senate whom we call lobbyists.

Mr. McKELLAR. Mr. President, I do not know whether this is the time to offer an amendment on the subject, but it seems to me this proviso ought to be omitted entirely. We all know that every insurance company that manages its affairs carefully has a system of making every effort possible to reinstate lapsed insurance.

Surely, after these young men who have gone into the Army or the Navy or the Marine Corps have once taken out this most valuable insurance, it seems to me the Government ought to use its utmost care, first, to keep it from lapsing, and to reinstate it if it has lapsed for any reason. I shall at the proper time offer an amendment to strike out this provision, because I think it is the duty of the War Risk Bureau not to permit this insurance to lapse, and to reinstate it wherever it has lapsed, if it is possible to do so.

Mr. WARREN. Mr. President, this is one among the differences between this war insurance and private insurance: In the case of the insurance companies a man who goes out soliciting gets a half or more of the first payment paid by the poor devil who is urged into something he is not ready to take, and the agent gets a percentage all during his life, after that, of the annual premiums. In this case the Government pays the agents. Does the Senator think the Government ought to have an army of men paid to go out into the hedges and corners and solicit men to keep their insurance in force?

Mr. McKELLAR. No; but I think this matter ought to be left to the War Risk Bureau.

Mr. WARREN. They are not objecting, so far as I know.

Mr. McKELLAR. The provision is—

That no part of this sum shall be expended for salaries or expenses in personally soliciting the reinstatement of lapsed insurance.

Mr. WARREN. The Senator will notice that the only word the Senate committee proposes to put in is "personally," whereas the House has plainly provided that no part of the appropriation shall be expended for soliciting.

Mr. McKELLAR. I am not objecting to the word "personally," but I am objecting to the whole proviso. I think it ought to be left to the War Risk Bureau.

Mr. WARREN. That is quite another thing. We are undertaking to provide for it as far as we ought to provide, and seeking to amend it because of the solicitude of the head of that department. While I did not think, and I do not think now, that they would be in any danger if it were left as it came from the House, we thought that putting in the word "personally" would cover the matter pretty generally.

Mr. McKELLAR. I have no objection to the insertion of the word "personally," but I think the whole proviso ought to be stricken out, and I shall offer an amendment looking to that end at the proper time. I do not think now is the proper time to offer the amendment, but later on I shall offer it.

Mr. SMOOT rose.

Mr. McKELLAR. If the Senator from Utah has some further information about it, I would like to hear it.

Mr. SMOOT. If the Senator intends to offer such an amendment, of course, I will speak when the amendment is offered. But I assure the Senator that it would be unwise to strike the proviso out entirely. However, the committee did think they ought to extend it beyond what the House provided for, and we said, in effect, "You can reach these soldier boys by advertisements and by letters, but we do not want you to have an army of employees going around from one end of the country to the other to do this and the Government to pay for it."

Mr. McKELLAR. It is very much better than it was provided for by the House, but I think it ought to be left to the bureau.

The amendment was agreed to.

Mr. POMERENE. I notice on page 45 there is a provision for the four members of the Federal Farm Loan Bureau and an appropriation for the assistant secretary of \$3,000. Is there not a head or first secretary?

Mr. SMOOT. The item here is just exactly as the law provides. When the act was passed creating the Federal Farm Loan Bureau, it specifically mentioned certain positions, and this paragraph in the bill enumerates those positions as enacted into law.

Mr. POMERENE. Does not the law name a secretary?



Mr. SMOOT. It does not name a secretary. The law provides for the positions we provide for here.

Mr. POMERENE. It struck me when I read the provision that it is rather unusual to have an assistant secretary and no secretary.

Mr. SMOOT. This is exactly the way the existing law provides, and does not make a change in any of the salaries.

The next amendment was, beginning with line 1, page 43, to insert:

The Secretary of the Treasury is hereby authorized from time to time during the fiscal years ending June 30, 1921 and 1922, respectively, to purchase at par and accrued interest, with any funds in the Treasury not otherwise appropriated from any Federal land bank, farm loan bonds issued by such bank.

Such purchases shall not exceed the sum of \$100,000,000 in either of such fiscal years, shall be made only upon the recommendation in writing of the Federal Farm Loan Board, and the bonds so purchased shall bear interest at the rate of 5 per cent per annum.

Any Federal land bank may at any time purchase, at par and accrued interest, for the purpose of redemption or resale, any bonds so purchased from it and held in the Treasury.

The bonds of any Federal land bank purchased by the Secretary of the Treasury and held in the Treasury under the provisions of this act, three years from the date of purchase, shall upon 30 days' notice from the Secretary of the Treasury be redeemed or repurchased by such bank at par and accrued interest.

Mr. CALDER. The amendment, as I understand it, provides for the issuance ultimately of \$100,000,000 worth of farm loan bonds, to provide for loans on farms throughout the country. I would like to inquire of the chairman of the committee in charge of the bill if this will mean the issuance of a hundred million dollars of tax-exempt bonds?

Mr. WARREN. They will be of the same character as those already issued under the law.

Mr. CALDER. I understand that they will be issued tax exempt.

Mr. SMOOT. Yes; they will be.

Mr. WARREN. They are issued under the law under which all the other bonds of that character are issued.

Mr. CALDER. Has the Committee on Appropriations taken into consideration the fact that we have already in existence in this country some \$14,000,000,000 worth of tax-exempt bonds?

Mr. SMOOT. Nearly \$15,000,000,000.

Mr. CALDER. And that investment in those bonds is being resorted to by men of large wealth to escape taxation?

Mr. SMOOT. That is absolutely true.

Mr. WARREN. Let me tell the Senator why this amendment was placed in the bill. The work of the Farm Loan Bureau seems to have been stopped entirely by suits that have been instituted, at least one of which is before the Supreme Court. Nothing can be done, and in the meantime applications are being made by farmers in different localities before the board, and this is to provide that certain or all of those distressing cases may be taken up by the board and that these bonds may be sold to the United States Treasury for the time being. Whether it is a good policy or a bad one, it is one we entered upon a long time ago. When the demand for money was greater than could be met through the regular channels, at one time the Government bought, I think, \$200,000,000 of the bonds. This is along the same line. It is to provide for the immediate and pressing necessities of those farmers and landholders who are unable to procure the money elsewhere, and who can not get it through the Federal land banks. They would be glad to let them have it, if it were not for this suit which is at present pending.

Mr. GLASS. The chairman understands, of course, that in a transaction between the Federal land banks and the Government there is no question of tax exemption of bonds.

Mr. WARREN. Of course not. They become the property of the Government, and they are not then taxable.

Mr. McLEAN. Mr. President, I understand that a provision similar to this, but proposing to appropriate something like \$200,000,000, will be reported out of the Committee on Agriculture and Forestry as a rider to the Agricultural appropriation bill. I refer to the amendment that was introduced by the Senator from Virginia [Mr. SWANSON]. It is my belief that Congress ought to do something before we adjourn. It is an important matter. The Committee on Banking and Currency has had under consideration several remedial measures looking to the continuation of the functions of the Federal Farm Loan System in accommodating the farmers who want loans. But we have not reported anything, because, as my colleagues know, the constitutionality of the farm loan act is being tested in the Supreme Court, and if the act is sustained it will be unnecessary to do anything.

Mr. WARREN. May I interrupt the Senator to say that, of course, it is not the intention to have the matter provided for by both committees, and surely if the pending bill passes with

this provision in it I shall object, and I think the Senator and others will object, to its being contained in any other bill.

Mr. McKELLAR. Of course, I think it is understood by everybody that one appropriation is all that is necessary, and if it is carried in this bill, then it will be stricken out of the Agricultural appropriation bill.

Mr. McLEAN. Yes; but, as I was about to say, if the Supreme Court sustains the act, it will be unnecessary to do anything, and it is the expectation of the Federal Farm Loan Board that a decision will be handed down on the 28th of this month.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Tennessee?

Mr. McLEAN. Certainly.

Mr. McKELLAR. The Senator will recall that the suit of Charles E. Smith against the Kansas City Title & Trust Co. was begun in October, 1919. It has been before the Supreme Court now about 14 months, during which time all of the operations of the board have been stopped. The case has not only been argued in the Supreme Court, but it has been reargued by distinguished counsel on both sides, and we have no assurance of any kind that the case will be decided on the 28th of this month, when the court meets again. Of course, we can not tell about that. It might be another year before it is decided. In the meantime the business of this board has been stopped absolutely, because the suit goes to the very life of the act. It affects the provision under which these bonds are issued, and without which the act can not become effective.

If the decision is unfavorable to the act, the result will be that we may have to amend the Constitution before we can pass a bill that will be effective. Of course, this system will never be abandoned. Under these circumstances, with the country in the financial condition in which it is, especially considering the financial needs of the farmers of the country, I do not think we ought to permit this great financial organization, of such wonderful benefit to the farmers of the country, to be inactive any longer. We can not tell when the Supreme Court will decide the case. If we could, that would be a different matter. But we ought to go on and act ourselves, and keep the Farm Loan Board in operation.

Mr. President, perhaps never in their history have the farmers been harder hit than during the last year. The value of all their products has decreased enormously. It is doubtful if they have made enough to pay for producing their crops. The banks have called in loans everywhere. Interest rates have been higher than they have been for generations. These interest rates are still high. Never in our history could these farm-loan banks have been of greater value to the farmers or to the country than in the last 14 months. If restored to operation now they would bring great relief to the farmers—more relief than they could get in any other possible way. The restoration of these banks would not only reduce the interest rates to farmers, but would permit them to get money they could not get in any other way with which to tide them over while they produce other crops. In this way they would relieve the financial pressure not only upon the farmers, but upon other industries as well. The low rates of interest provided in the act would affect interest rates generally in a downward way. Who is against this rehabilitation of the farm-loan banks? The only possible opposition would come from the private mortgage companies, who now lend to farmers at enormous rates of interest. Only selfishness and greed can stand in the way of this amendment. We should not permit anything to stand in the way of this amendment, and I do not believe we will.

I am opposed to the Senator's substitute proposing only fifty million. One hundred million is little enough. I would rather double it than to cut it in half. My position is that the farmers should have this relief without delay.

Mr. McLEAN. If the Senator will permit me to conclude what I wish to say with regard to this subject, I am not controverting his position at all. On the contrary, as I have said, I think it is the opinion of the Committee on Banking and Currency that something should be done before the session closes. We have been hoping that the decision would be handed down. It is expected, as I said, on the 28th of this month. It may not come; and if it does not there would be presented a very awkward situation, for which I think Congress should make some provision.

With regard to the amendment introduced by the Senator from Virginia [Mr. SWANSON] it seemed to me that there were objections to that amendment which might be obviated. In the first place, it is merely directory. It merely authorizes the Secretary of the Treasury to do something, and unless the Secretary of the Treasury changes his view with regard to the matter

it may be questionable whether any funds would be forthcoming at all. The same objection, I think, might be urged against the pending amendment in the pending bill. My attention was not called to this amendment until this morning.

I had supposed that those interested in the matter had concluded to support the amendment introduced by the Senator from Virginia, and that it would be attached as a rider to the Agricultural appropriation bill. But, anticipating that something would probably have to be done, I have had occasion to consult with members of the Federal Farm Loan Board, and I have a substitute for the resolution introduced by the Senator from Virginia which meets with the entire approval of the Federal Farm Loan Board. It provides for a fund of only \$50,000,000, which in the opinion of the board is quite ample to meet the exigencies of the case. It provides for the retirement of the fund in such a way that if the Supreme Court holds the act unconstitutional the amount of securities held by the Treasury will be very small, and there will be ample opportunity to amend the act itself in time to obviate any serious difficulty.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. McLEAN. Certainly.

Mr. SMOOT. The Senator from Virginia [Mr. GLASS] has just suggested to me that I ask that the amendment go over for the time being in order that he might send to his office for certain correspondence from the Treasury Department and the recommendation that the revolving fund suggested by the Senator—

Mr. McLEAN. If the Senator will permit me to conclude what I have to say, then I shall be glad to answer any questions. I have sent to the Secretary of the Treasury a copy of the amendment introduced by the Senator from Virginia, because I think his views should be considered by the Senate in a matter of this kind, but I have not yet heard from him. The substitute which I have suggested meets with the approval of the Federal Farm Loan Board, and I will ask to have the Secretary read it in order that it may be before the Senate, because it seems to me—

Mr. GLASS. Mr. President, may I say to the Senator I have no doubt in the world that the paper he is about to send to the desk is precisely the same paper that was sent to me from the Secretary of the Treasury and presented by me to the committee. I should like to indicate to the Senate the difference between the proposition now presented by the Senator from Connecticut and the pending proposition.

It is proposed by the Senator to appropriate, not temporarily for an exigency, but to establish a permanent form of revolving fund, and to that proposition I am utterly opposed. All my public life I have been opposed to special privileges. All during the consideration of the Federal reserve act I resisted every attempt to involve us in a system of special privileges. The pending proposition of the committee is not a special privilege. It is to tide over a great emergency for which, I might say, no one is especially to blame unless it be the Supreme Court of the United States, which has been considering for a period of nearly 14 months litigation that affects the entire farming community of the United States.

The pending proposition is an emergency proposition, and, as the Senator himself very properly said awhile ago, there is nothing directory or mandatory about it. We purposely omitted making it directory or mandatory. It is left within the discretion of the Secretary of the Treasury himself to buy the bonds to any amount not exceeding the total amount prescribed. The fact of the business is that he may not have to buy a dollar's worth of the bonds if, as the Senator confidently conjectures, the Supreme Court hands down its decision by the 28th of this month. We have been expecting that decision now for nearly 14 months, and I have not the remotest idea that it will be handed down on the 28th of this month or the next month or the following month.

Mr. McLEAN. May I interrupt the Senator there?

Mr. GLASS. Certainly.

Mr. McLEAN. If the decision is not handed down before Congress adjourns, in my opinion the farmers will not get a dollar of additional accommodation under the amendment introduced by the Senator from Virginia, or a dollar under this amendment, on the legislative bill, if I understand it.

Mr. GLASS. This amendment is identical with the one presented by my colleague.

Mr. McLEAN. It is my belief that members of the Federal Farm Loan Board have this system at heart, and I think they are in a position to judge as wisely as we are as to what remedy is needed in the present juncture.

Mr. GLASS. Let us be frank with the Senate. I say to Senators that the members of the Federal Farm Loan Board entirely concur in the amendment which I have proposed. The

amendment which the Senator from Connecticut has before him now was simply to reconcile differences between members of the Federal Farm Loan Board proper and the ex officio member of the Farm Loan Board, to wit, the Secretary of the Treasury.

The Senator is vastly mistaken in his supposition that not a dollar will be utilized under the amendment I have presented. I will say to the Senator that I am not in the habit of presenting propositions that do not mean anything. As a matter of fact, there are already accumulated with the Federal Farm Loan Board applications which have been thoroughly investigated, passed upon, and approved amounting to somewhat in excess of \$50,000,000; but the activities of the system have been paralyzed now for 14 months, and they have been unable to sell any of the bonds of the banks because of the litigation pending before the Supreme Court.

Mr. McLEAN. I have not had an opportunity to read even the amendment that is now pending. Is it directory?

Mr. GLASS. It is not directory. It authorizes the Secretary of the Treasury—

Mr. McLEAN. Then let me ask the Senator a question. Suppose the Secretary of the Treasury says he has no money, that it is merely discretionary with him and that he does not propose to buy the bonds, how much money is the Federal farm loan system going to get then?

Mr. GLASS. In those circumstances it is not going to get any, but I think it is incredible to believe that a Secretary of the Treasury, knowing what the Congress has in mind and the relief that is here sought, would take any such arbitrary position.

Mr. McLEAN. Mr. President, I do not wish to take up the time of the Senate in discussing the matter further.

Mr. GLASS. But if the Senator wants to make it directory, that is all right.

Mr. McLEAN. I think it should be effective. If we propose to add to the fund, we should certainly do it.

Mr. GLASS. I will say to the Senator that what I am proposing to do under my amendment is precisely what Congress did last July, and the Secretary of the Treasury, to the extent of twenty-odd million dollars, did purchase those bonds.

Mr. McLEAN. He may have had the money then and he may not have it now. He may have changed his opinion with regard to the propriety of an attempt to provide funds if the matter is left to his discretion.

Mr. GLASS. We will have a different Secretary of the Treasury soon, and if I am willing to trust the incoming Secretary of the Treasury to relieve the situation, the Senator from Connecticut ought to be willing to trust him.

Mr. McLEAN. I do not want to trust the discretion of any Secretary of the Treasury. If we do anything, we should do it by passing a directory and effective provision.

Mr. GLASS. I am perfectly willing to accept an amendment to my amendment making it directory, if the Senator cares to offer a proposition of that kind.

Mr. McLEAN. Then I think the fund appropriated is too large. I do not think it is necessary to have it so large.

Mr. GLASS. I will say to the Senator if it is not necessary not a dollar of it will be used. If the Senator is right in his conjecture that the Supreme Court on the 28th of this month will hand down its decision, I doubt if a dollar of it will be necessary.

Mr. FLETCHER. If \$100,000,000 is authorized—

Mr. McLEAN. Just a moment. The Senator from Virginia says that the amendment which I propose has not been approved by the Federal Farm Loan Board.

Mr. GLASS. Oh, no; I did not say that.

Mr. McLEAN. The Senator intimated it.

Mr. GLASS. What the Senator from Connecticut said was that the amendment proposed by me was not approved by the Federal Farm Loan Board. I say that it met with the entire concurrence of all the members of the Farm Loan Board, with the possible exception of the ex officio member, the Secretary of the Treasury. I said that it is the amendment which was presented to the committee and rejected by the committee.

Mr. McKELLAR. Will the Senator yield?

Mr. McLEAN. Just a moment. I think we ought not to waste very much time here on the proposition. I would like to find out from the Senator from Virginia if the Secretary of the Treasury is in favor of his amendment.

Mr. GLASS. I do not think that he is.

Mr. McLEAN. My information is that the view of the Federal Farm Loan Board coincides with that of the Secretary of the Treasury.

Mr. GLASS. I will say to the Senator that the proposition he has in his hand was presented to me in person by a member of the Federal Farm Loan Board, from whom I gathered the



information that it was a modified suggestion to meet more entirely the view of the Secretary of the Treasury, but that the other members of the board concurred in my suggestion. I want to emphasize this point, if the Senator will permit me. The difference between my proposition and the proposition presented by the Senator is that mine is an emergency proposition, just as the one presented last July and passed by Congress was an emergency proposition. The proposition which the Senator has is for the establishment of a permanent revolving fund. That I do not think we should do.

Mr. McLEAN. The Senator is mistaken about that. The amendment provides for the retirement of the fund in 10 years.

Mr. GLASS. The suggestion I offer may be stopped in 10 days, if the Supreme Court hands down its decision on the 28th of this month.

Mr. McLEAN. Of course, if the Supreme Court holds the act constitutional, then there would be no need for this legislation.

Mr. GLASS. Precisely; and it was because we have been waiting on the Supreme Court for 14 months and they have not handed down any decision, and that the great system of farm-loan credits has been paralyzed, that I am presenting the proposition.

Mr. McLEAN. The decision of the court may be such that, as the Senator from Tennessee [Mr. McKellar] says, we shall have to amend the Constitution in order to continue the functioning of this system. Here is a proposition that involves \$50,000,000, and it is mandatory, and I would like to have it read to the Senate. Then it seems to me it would be well to postpone action on the amendment for the present and see if we can not come to some understanding that will be satisfactory to all concerned.

Mr. GLASS. I will say to the Senator that the \$50,000,000 is not adequate, because I have in my desk a letter from the Federal Farm Loan Board, stating explicitly that the board already has on hand approved applications for loans aggregating \$65,000,000.

Mr. McKellar. Of course, there will be an added number during the year. Operations have been suspended for over 14 months, and it does seem to me that \$100,000,000 is as small an amount as we ought to attempt to provide to remedy a situation that is temporary in its nature, as I believe.

Mr. McLEAN. This suggestion comes from the Federal Farm Loan Board, and it is represented to me that it is ample in amount to take care of any exigency that may arise.

Mr. GLASS. I will say to the Senator that the suggestion, such as I have indicated to the Senator, came to me from the Federal Farm Loan Board, and I did not withhold it from the committee. I presented it to the committee and the committee rejected it.

Mr. Fletcher. If the Farm Loan Board only needs \$50,000,000, they will only use \$50,000,000. The Secretary of the Treasury is merely authorized to purchase bonds to the extent of \$100,000,000, and if \$50,000,000 will be sufficient, of course, he will not buy \$100,000,000.

Mr. McLEAN. I think the plan suggested by the instrumentality that has this important interest in hand—the Federal Farm Loan Board—should be carefully considered. They should know as much about it as we do; certainly they know more about it than I do; and I am inclined to give their plan careful consideration. It is their suggestion, and will meet every need. I have no choice in the matter, as I have said. I merely wish to do something that will be effective.

Mr. GLASS. I will say to the Senator that I conferred with the members of the Farm Loan Board before I offered my amendment on the subject, and I understood the amendment presented by my colleague [Mr. Swanson] and myself met with the entire approval of the Federal Farm Loan Board, but after the matter had been considered in committee the Federal Farm Loan Board brought up to me the modified suggestion which the Senator is now presenting. I frankly stated to the committee that it had been received. The committee, however, rejected the proposition and adhered to the decision to report favorably the amendment that I had offered.

Mr. Smoot. A majority of the committee did so?

Mr. GLASS. Yes; a majority of the committee. As I recall the vote, it was 9 to 2.

Mr. McLEAN. I will say to the Senator from Virginia there has evidently been a misunderstanding as to the view of the Federal Farm Loan Board in regard to this matter. So I think it would be well to postpone action on it until we find out what their preference is; and if there is a choice, choose the better plan of the two. That is my only interest in the matter.

Mr. GLASS. I do not think the Senate should be altogether governed by the preference of the Farm Loan Board—

Mr. Fletcher. Especially a board that does not seem to be doing anything.

Mr. GLASS. Because the Farm Loan Board might want a permanent revolving fund, I myself should not want it. However, the fact is that I have from the Farm Loan Board the statement that the board has on hand applications for loans which have been thoroughly investigated and approved by the board aggregating \$65,000,000. I am perfectly well satisfied that the main reason actuating the Farm Loan Board in sending up the modified suggestion was, as I have indicated, to reconcile some differences between the point of view of the members of the board and its ex officio member, the Secretary of the Treasury.

Mr. McLEAN. I think it would be well to adopt the plan that is satisfactory to both the Treasury Department and the Federal Farm Loan Board, if possible. That is the reason I suggest a postponement of the matter temporarily.

Mr. McKellar. I will say to the Senator that after the 4th of March the new Secretary of the Treasury may entirely agree with the Farm Loan Board. There may not be the slightest dispute between them. I have not the slightest doubt of their working in absolute harmony and unison in reference to the matter. It strikes me that this particular institution which is loaning money to the farmers through the Federal land banks has been determined upon by the American people and by the American Congress as the instrumentality through which this important work shall be effectuated.

The Senator mentioned my suggestion that the law might be declared unconstitutional. If the law shall be declared unconstitutional, Congress and the American people are going to find some way to continue this great institution. We all know that. This proposed legislation will continue its activities to a limited extent, regardless of whether the law is determined to be unconstitutional or constitutional. Why not let us go on, therefore, and enact the pending provision?

Mr. GLASS. As a matter of fact, I will say to the Senator, the question involved in the litigation is merely as to the validity of the tax exemption of the farm-loan bonds.

Mr. McLEAN. Oh, no; the Senator from Virginia is mistaken.

Mr. GLASS. That is the real question; but that question is not involved in this proposed action of Congress.

Mr. McKellar. Not in the least.

Mr. McLEAN. The question is as to the power of Congress to establish these institutions as private institutions.

Mr. GLASS. That is as to the joint-stock land banks, and the legislation here proposed does not affect the joint-stock land banks.

Mr. Kenyon. I think the pending case includes both questions.

Mr. GLASS. I think the Senator can hardly make that contention seriously.

The Vice President. The Official Reporters can report a duet, but not a quartet.

Mr. McKellar. If the Senator from Virginia will yield, I merely wish to state that—

The main question is whether Congress had the power to create (a) the Federal land banks, (b) the joint-stock land banks, and (c) to exempt the bonds which both classes of banks are authorized to issue from Federal, State, local, and municipal taxation.

I am reading from one of the briefs filed in the case.

While all three of those questions were included in the bill which was filed in court, the real controversy is over the tax exemption, and, from my reading of the brief, I gather that is virtually the only controversy in the case. While the tax-exemption question is a serious one, I feel it is likely that the provision will be upheld by the court. The bill was dismissed by the trial court, and, of course, the presumption is that the act is constitutional. The act thus has both the presumption and the decision of the lower court in its favor. The court is taking its time, it is true, but it is an important matter, and we can not hurry it. Nor should we be impatient about it. Especially so when we can correct the difficulty for the immediate present by enacting into law the proposed amendment. If the farm loan law is upheld by the court on February 28, when the court meets, then it will not be necessary for the Secretary of the Treasury to utilize the authority given him. If the court holds it is unconstitutional, then this amendment will enable the farm-loan bank to continue its operations without interruption until the Congress can cure the defects in the act as determined by the court.

Mr. GLASS. Mr. President, I give notice that under Rule XL I shall move to suspend paragraph 3 of Rule XVI in order that I may propose to the bill (H. R. 15543) making appropriations for the legislative, executive, and judicial expenses of the

Government for the fiscal year ending June 30, 1922, and for other purposes, the following amendment, to wit, the amendment which the committee has reported.

Mr. McLEAN. I will say to the Senator from Virginia that I hope no one will make the point of order on either of the amendments.

Mr. McKELLAR. I hope the point of order will not be made.

Mr. McLEAN. What I want is to have the amendment framed in such a way as to accomplish the purpose desired.

Mr. GLASS. I give the notice which I have stated, Mr. President, and I send it to the desk in writing.

Mr. SWANSON. I should like to ask the Senator from Connecticut a question. I was not present when his amendment was read, but as I understand the amendment—

Mr. McLEAN. The amendment has not been read.

Mr. SWANSON. But as I understand the amendment, it limits the amount to \$50,000,000.

Mr. McLEAN. Yes.

Mr. SWANSON. For two years that is the total sum which may be provided.

Mr. McLEAN. Yes.

Mr. SWANSON. As my colleague [Mr. GLASS] has stated, the Farm Loan Board had approved applications for loans amounting to \$65,000,000 when its operations were discontinued by litigation. At that time the Farm Loan Board was loaning at the rate of \$15,000,000 a month. There was a demand for that amount and the money was being safely loaned to farmers. One hundred million dollars would simply take care for the present year of the \$65,000,000 of loans which have already been approved and the applications that would come in up to the 1st of July.

The reason the Federal Government should take care of the farm-loan situation is that the Farm Loan Board's activities were crippled because of the war. They were selling their bonds and had sold \$26,000,000 worth of bonds when the war came. They had had no difficulty in selling them. Then, when the war came, in order to finance the loans, an amendment similar to the one now proposed was adopted, but there was no further sale for the bonds. The present situation has arisen because of the conditions which were occasioned by the war. When, in behalf of my colleague and myself, I submitted the amendment, I understood, as has been stated, that all the members of the board, with the exception of the Secretary of the Treasury, favored the amendment. It is similar to an amendment which has been passed heretofore and which has proven useful.

The amendment adopted here last year made available a balance of \$100,000,000, \$200,000,000 being authorized during the war, but that authorization for the sale of Federal farm-loan bonds was suspended on account of the sale of Liberty bonds. Consequently, it seems to me that the conditions imperatively require action at this time and that the larger amount suggested should be authorized.

A great many farmers have incurred obligations; some of them have bought land and others have made improvements, understanding that they could secure farm loans, and, as a consequence of the suspension of the activities of the Farm Loan Board they are now in a very embarrassed situation, although it has been through no failure or fault of their own. In my opinion, it will take the entire amount proposed to take care of the situation as it exists to-day, and I hope the Senator will consent to the amendment going into the bill.

Mr. McLEAN. Mr. President, all I can say is that, as I am informed, \$50,000,000 is sufficient to take care of the existing situation. If I am incorrectly informed, if in the view of the Federal Farm Loan Board they need more money, I shall interpose no objection.

Mr. GLASS. Mr. President, I will say to the Senator that if \$50,000,000 will take care of the situation, only \$50,000,000 will be used under the amendment which I have presented; but in view of the fact that the Farm Loan Board writes me that they already have approved applications for \$65,000,000, it is perfectly obvious that \$50,000,000 will not be ample.

Mr. McLEAN. I repeat that the information given to the Senate by the Senator from Virginia does not comport with the information which has been furnished to me. Therefore I suggest that the matter be passed over temporarily.

Mr. GLASS. If the Senator desires me to do so, I will send to my office and have inserted in the Record the letter from the Federal Farm Loan Board to me stating that they have \$65,000,000 of approved applications on hand.

Mr. HARRISON. Mr. President, may I ask the Senator from Virginia, in that connection, is it not a fact that, because the Federal Farm Loan Board has not been actually functioning in the past few months, a great many applications that might have been made have not been made?

Mr. GLASS. Of course that is true. They have applications for many more million dollars of loans than the amount I have indicated, but they have approved applications for \$65,000,000.

Mr. SWANSON. As I stated a few moments ago, the applications were coming in at the rate of \$15,000,000 a month when they suspended business.

Mr. HARRISON. I hope the Senator from Connecticut will not want to reduce the amount; certainly the Federal Farm Loan Board ought to have \$100,000,000.

Mr. SWANSON. Mr. President, I ask to have incorporated in the Record a memorandum giving information in connection with the loans and showing what has been done.

The VICE PRESIDENT. Without objection, it is so ordered. The memorandum referred to is as follows:

TREASURY DEPARTMENT,  
FEDERAL FARM LOAN BUREAU,  
Washington, February 8, 1921.

DEAR SENATOR SWANSON: Responding to your personal request for a résumé of the operations of the Farm Loan System to date and its present condition, permit me to state:

The loaning operations of the system may properly be said to have begun in May, 1917, although in one or two banks loans were made a little earlier, perhaps as early as the middle of March, and in others loans were not made until July.

The first farm loan bonds were issued in the summer of 1917 as of date May 1 that year. These bonds aggregated approximately \$26,000,000, were sold to the public during the late summer and autumn. Late in 1917 the Government entered upon its war financing with the history of which you are familiar. Partly because of the uncertainty of the effect of such large offerings of Government securities to the public and partly because the Treasury did not want continued offerings of farm loan bonds to be made, a bill was introduced in Congress authorizing the purchase of \$100,000,000 of bonds during the fiscal year ending June 30, 1918, and a like amount during the fiscal year ending June 30, 1919. Thereafter no offerings of farm loan bonds were made to the public, except at such time as the Treasury approved and when, in the judgment of the Treasury, such offerings would not interfere with Government offerings.

In June, 1919, immediately following the campaign for the so-called Victory loan, farm loan bonds were offered and sold to the public in sufficient volume to meet the needs of the banks until January 1, 1920.

In July, 1919, the suit with which you are familiar challenging the constitutionality of the farm loan act was instituted. That suit was immediately disposed of in the lower court, which upheld the act; an appeal was taken to the Supreme Court, and with the history of the litigation in that court you are also familiar.

The sale of farm loan bonds is the only source of loanable funds under the farm loan system.

The litigation suggested above had the effect of casting a cloud upon the validity of such bonds and none have been offered since the litigation was begun.

In February, 1920, the banks ceased taking applications for loans, except such as were taken subject to a favorable decision of the litigation. A large volume of applications containing this condition were taken, and while since June, 1920, the banks have not, as a rule, received applications, they are advised by secretary-treasurers of farm loan associations that many of them have taken applications which are being withheld until the banks are again in funds.

A conservative estimate of applications pending which the banks would be called on, if in funds, to close as fast as physically possible would be \$60,000,000.

When the loaning activities were suspended by reason of the litigation the banks were closing loans at the rate of about \$15,000,000 per month.

In view of the present condition of agricultural finances, it seems safe to assume that applications in larger volume will be offered as soon as the banks are able to take care of them.

The effect of the distribution of this amount of funds to agricultural communities of the country need only be suggested to show the liquidation that would result.

The Federal land banks alone to date have made loans to 131,305 farmers, in amount \$369,242,464. These loans have been made in relatively small amounts, the average to a borrower being \$2,810.

Copy of the Federal farm loan act and our last annual report are herewith inclosed.

The act of 1918 authorizing the Treasury purchases will be found in full on page 3 of circular No. 11, also inclosed.

Respectfully, yours,

CHAS. E. LODGELL,  
Farm Loan Commissioner.

HON. CLAUDE A. SWANSON,  
United States Senate.

#### Memorandum.

In July, 1919, a suit was instituted in the Federal court at Kansas City, Mo., by one Smith, a stockholder in the Kansas City Title & Trust Co., enjoining that company from the purchase of farm loan bonds, because of his contention that while the bonds purported to be tax exempt as a matter of fact the farm loan act was unconstitutional—the creation of the Federal and joint-stock land banks by Congress beyond its constitutional power—and the tax-exempt provision of the act beyond the constitutional power of Congress to authorize.

In this suit the Federal land bank of Wichita intervened, as did certain of the joint-stock land banks. It was heard on October 29 and 30 of that year and disposed of at the conclusion of the hearing, the trial judge upholding in toto the constitutionality of the act and dismissing the bill of complaint. From this decision Smith appealed immediately to the Supreme Court of the United States.

In November, 1919, all parties to the suit concurring, it was on motion advanced by the Supreme Court and set for hearing January 6, 1920, on which date it was argued before that court by Hon. Charles Evans Hughes and Hon. George W. Wickersham on behalf of the banks, and Hon. Marshall Bullitt and Hon. Frank Hagerman on behalf of complainant.

Late in April, 1920, the court called for a reargument of the case and set that argument for October 11, 1920. The case was argued by



same counsel on October 14 and 15, and now awaits decision by the court.

The effect of the litigation was to cast a cloud upon the validity of farm-loan bonds, which constitute the only source of loanable funds by the banks, and no bonds have been offered for sale since the suit was instituted.

In the spring of 1919, at the conclusion of the Victory loan campaign, the Farm Loan Board made a bond offering and sold sufficient bonds to carry the banks to January, 1920.

In anticipation of an early decision some of the banks used their commercial credit, and loaning operations were continued to February, when funds were entirely exhausted.

In June of last year Congress passed House joint resolution No. 351, authorizing the purchase of certain bonds by the Treasury, limiting these purchases to bonds based on mortgages approved prior to March 1. Under this provision \$45,400,000 bonds have been purchased, and a major portion of the definite commitments of the banks prior to March 1 have been met.

A large number of applications had been taken subsequent to February 1, with a proviso that the same could not be completed until a favorable decision by the court.

While the banks have, since June last, advised against the taking of any applications, they are advised that large numbers of applications have been taken by secretary-treasurers, not forwarded to the banks but are being held subject to the resumption of business. A conservative estimate would be that loans aggregating \$60,000,000 await closing as fast as it is physically possible to get to them.

When business was suspended the banks were closing loans at the rate of \$15,000,000 per month, and in the present state of agricultural finance it seems safe to assume that even a larger monthly volume would be offered, if the banks were in position to take care of them.

Mr. HEFLIN. Mr. President, I trust that no Senator will make the point of order against this amendment. It provides for the use of \$100,000,000 worth of Government bonds by the Farm Loan Board. I think it ought to be amended so as to direct the Secretary of the Treasury to do exactly what the Congress wants done in the matter. The fact that the Secretary of the Treasury opposes this amendment has no influence whatever with me. He opposed the reinstatement of the War Finance Corporation. So far as I am concerned, I am not in favor of leaving in his hands any discretionary power regarding these farm-loan bonds.

It is very clear, as the Senator from Virginia [Mr. GLASS] has said, that if \$65,000,000 of applications for farm loans have already been made and approved, \$50,000,000 will not be sufficient to satisfy these applications. The fact is the whole farm-loan system has been crippled and practically put out of commission because of the long delay of the Supreme Court in handing down its decision, and that fact alone, as the Senator from Mississippi [Mr. HARRISON] has said, has kept a great many farmers from making application to the Farm Loan Board.

I agree with the Senator from Virginia on another point, and that is that there is no excuse for the Supreme Court in holding up its decision in this case for 14 months. I think that we ought to pass an act directing the Supreme Court of the United States to give preference to cases which affect the public welfare. Cases that affect the Government's policy toward citizens generally, or even a large number of them, should be given preference over cases affecting private interests.

Mr. President, I fear that a great many Senators here do not fully understand and appreciate the distressing condition in which the farmers of the country now find themselves. The Legislature of the great State of Texas has just passed a stay law, so far as taxes are concerned. Under that law the people of Texas are given the privilege of withholding their taxes for the present. That State has realized the condition under which the people, and the farmers especially, labor on account of the hard times now prevailing.

The farmers in my section and in the western section of the country are in great distress, and whether the Supreme Court acts at an early date or not Congress ought to pass this measure at this session and make the money available to thousands of farmers who are in distress and who need this money to carry on their business operations this year. By the adoption of this amendment we will render valuable service to the farmers of the country.

Mr. POMERENE. Mr. President, I have always had a very great interest in the Federal farm loan act. I think it is doing a great work. I think we ought to assist in granting any relief that we can along this line. I have always felt, and I feel now, that by the proper administration of this act we can very materially aid the farmers. This is one respect in which we can grant them aid, and you are not going to do it by some of these emergency tariff laws.

I regret exceedingly that the opinion of the Supreme Court has not been handed down. I do not know why. I do not think anyone else knows why. I assume that they have had some difficulty in determining the constitutional questions. We must be a little patient when it comes to the determination of questions of that kind. If the act should unfortunately be held unconstitutional, I have no doubt we will get some light by

which we can propose an amendment to the law. I think we ought to do it. I think we ought to go further and adopt some legislation which will enable us to grant them personal credits in addition to the farm-loan credits. I think that can be done, and I should regret the raising of any technical point of order against legislation of this character.

Mr. THOMAS. Mr. President, I understand that the principal point at issue in the case pending in the Supreme Court involves the power of Congress to exempt these farm-loan bonds or securities from taxation. I do not understand that the power of Congress to enact this legislation is involved in the case. If I am right about it, I never have been able to understand why the Treasury Department, because of a *nisi prius* decision, should have suspended operations.

Mr. POMERENE. I agree with the Senator.

Mr. THOMAS. It might just as well have continued these operations while awaiting the action of the Supreme Court.

Mr. McKELLAR. Mr. President, the trouble is not with the injunction, because the injunction was not granted. There is no injunction; but whenever the validity of a law under which bonds are issued, especially bonds carrying an exemption of this kind, is attacked in the courts, and the matter is pending in the Supreme Court, naturally no one is going to buy those bonds. For that reason they are unable to sell the bonds, and therefore they are unable to carry on the functions of the bureau.

Mr. THOMAS. The validity of the bonds, as I understand—and I hope I shall be corrected if my impression of the controversy is wrong—is not involved, but the power of Congress to exempt them from taxation.

Mr. McKELLAR. The Senator is mistaken, to this extent—

Mr. THOMAS. I may be.

Mr. McKELLAR. The power of Congress to pass this legislation, to create this kind of banks, is attacked.

Mr. THOMAS. That is incidental, is it not?

Mr. McKELLAR. Those questions are raised, but the principal question is the question of exemption from taxation; but when that is raised the bonds that are issued can not be sold on the market.

Mr. THOMAS. These other points are raised, but they are raised by the investment bankers of the country, whose principal objection is that the bonds are exempt from taxation. Now, why should not the Treasury Department continue to make loans, if that is the case?

Mr. McKELLAR. That is precisely what we propose to do by the amendment of the Senator from Virginia—to authorize the Secretary of the Treasury to do that very thing.

Mr. POMERENE. This suit, I believe, was argued twice before the Supreme Court, was it not?

Mr. McKELLAR. It was argued twice.

Mr. THOMAS. I think so.

Mr. POMERENE. And the last time it was argued, I am told, was on October 14 and 15.

Mr. THOMAS. If the Senator will permit me, as much as I have interrupted him, I want to call attention to the fact that the Supreme Court of the United States has another case, a very important case, that of Wyoming against Colorado, involving the right of the State of Colorado to divert water from a river which is common to both States. It has had that case under consideration ever since December, 1916. It has been argued twice. Of course, I am not criticizing the court; my respect for it, independently of my duty, would prevent my doing so; but it is too bad that these important cases linger so long between their submission and their ultimate decision.

Mr. POMERENE. I assume that the Supreme Court have their troubles, as well as the Senate of the United States, in determining certain questions, and I am not disposed to criticize them because, perhaps, they are not able to agree. I hope we shall soon have the decision; but I do agree that the operations should not be suspended simply because there is some litigation pending.

Mr. KENYON. Mr. President, in the brief filed on October 13 by the appellant the points are summarized on one page. I should like to ask the Senator from Ohio if it would not be helpful to have those points read?

Mr. POMERENE. I should be delighted to have them read from the desk.

The VICE PRESIDENT. Is there any objection? The Chair hears none, and the Secretary will read as requested.

The Assistant Secretary read as follows:

#### FIRST POINT.

The farm loan act, so far as it creates Federal land banks, is unconstitutional because Congress has no power to create a corporation for the purpose of conducting a farm mortgage loan business, or to exempt it from State control; and its constitutionality can not be

saved by treating it as an exercise of the congressional power (1) to appropriate money, or (2) to borrow money on the credit of the United States.

#### SECOND POINT.

Congress could not acquire the power (1) to create a series of corporations (Federal land banks and joint-stock land banks) to engage in the business of lending private capital on farm mortgages; and (2) to exempt them from all State control, by the mere expedient of calling such corporations "banks" and endowing them with the possibility of acting as depositaries of public money or financial agents.

#### THIRD POINT.

The farm mortgages executed to the Federal land banks and to the joint-stock land banks, and the farm-loan bonds issued by them respectively, and held by the general investing public, are subject to State taxation.

Mr. POMERENE. May I ask whose brief this is?

Mr. KENYON. It is the brief of the appellants. Mr. Bullitt is the main counsel.

Mr. FLETCHER. The plaintiffs below?

Mr. KENYON. Yes. Those are the points they summarize against the act.

Mr. FLETCHER. Mr. President, I only want to say that I think it is very important that we agree to this amendment, and let it go on the bill, and enact it into law as speedily as possible, not only because it provides a means whereby the Farm Loan Board may go on operating, but that they may be able to do so at once, without waiting for the decision of the Supreme Court; and it makes no difference whether that decision be in favor of the appellant or against the appellant; this provision would be needed in any event. If they sustain the validity of these bonds and of the farm loan act all the way through, the exemptions and what not, the Farm Loan Board would still have occasion to ask the Secretary of the Treasury, perhaps, to take a few of these bonds until they could get on the market the bonds issued regularly, in due course of business, by the various Federal land banks.

These bonds will sell; there will be no need of any great strain on the Treasury, because the public was eager, and has been all the while eager, to take these bonds. When the act was passed authorizing the Secretary of the Treasury to take \$200,000,000 of them in 1919, it was not because the farm loan bonds were not in demand at all. It was really for the benefit of the Treasury itself to take these bonds off the market, because people were buying them instead of buying Liberty bonds. The Treasury wanted to sell Liberty bonds, and in order to sell Liberty bonds the farm loan bonds were taken off the market by authorizing the Treasury to invest in farm loan bonds. Really, it was no purpose to give relief to the Farm Loan Board in that contingency; but this is needed, I say, whether the decision is in favor of the validity of the act or against it, and in any event it merely authorizes the Secretary of the Treasury to buy these bonds to the amount of \$100,000,000 each year for two years. If, as a matter of fact, they need only \$10,000,000 or \$5,000,000, or \$50,000,000, of course, the Secretary of the Treasury will not buy any more than the amount needed to keep the system going; and the system ought to be kept going. In my judgment, there is no excuse for its being paralyzed to-day. The decision was in favor of the validity of the act in the lower court. There never has been any injunction issued against the Farm Loan Board. There is no reason why they could not have gone on. I believe the public would take those bonds to-day to a very large extent.

Mr. McLEAN. Mr. President, will the Senator yield?

Mr. FLETCHER. Yes.

Mr. McLEAN. There is no difference of opinion as to the necessity of doing something that will be effective to permit this system to function. There is no difference of opinion, as I understand, in regard to that. It is only a question as to which plan is the better one. Now, my suggestion is that we temporarily postpone action on this amendment, and if the Federal Farm Loan Board informs us that they need \$65,000,000 or \$75,000,000 I shall not object to amending the amendment which I offered so as to provide sufficient funds. It is a question as to which plan is the better plan.

Mr. FLETCHER. I understand the Senator's position, but—

Mr. McLEAN. I suggest that the Senator permit my amendment to be read, and that we pass over this item temporarily, with the understanding that so far as I am concerned no point of order will be made.

Mr. FLETCHER. But will not the Senator agree that where there is, as in this provision, a mere authorization to the Secretary of the Treasury to invest \$100,000,000 in these bonds, if as a matter of fact the Farm Loan Board, of which he is ex officio chairman, does not need over \$50,000,000, there is no danger of his buying more than \$50,000,000 worth?

Mr. McLEAN. Oh, certainly.

Mr. FLETCHER. Then where is the difference? It is a tweedledum and tweedledee proposition. The amendment here

proposes to authorize him to buy \$100,000,000 of these bonds. The Senator wants to limit that to \$50,000,000. If they do not need more than \$50,000,000, he will not buy more than \$50,000,000. There is no escape, I think, from that conclusion.

Mr. McLEAN. My contention is, in view of the information I have, that the amendment I offered is the one which the Federal Farm Loan Board approve, that we ought to give it fair consideration, especially in view of the fact that the Secretary of the Treasury is opposed to the plan suggested by the Senator from Virginia.

Mr. GLASS. Mr. President, may I say to the Senator from Connecticut that it is not exactly accurate—and I perhaps misled the Senator in what I said—to say that the Secretary of the Treasury is opposed to the proposition reported by the committee. He prefers the one that the Senator has now presented; but my very distinct understanding is, confirmed by a talk since I spoke upon the floor a while ago, that the board itself prefers the suggestion that I have made.

Mr. McLEAN. That is not my understanding.

Mr. GLASS. It was merely a question between the appointive members of the board and the Secretary of the Treasury.

Mr. McLEAN. It is just that point that I want to clear up, and then I am through, so far as I am concerned.

Mr. FLETCHER. Of course, I am not quite willing to invite the Farm Loan Board into the Senate and ask them to write into a bill here what they want. I know something about this farm loan business myself; I know something about this law; I know something about the duties and functions of that board; and I know something about the requirements of the country and the needs of the country.

Mr. McKELLAR. Mr. President—

Mr. FLETCHER. There never was a time when the farmers of the country needed this system more than they need it to-day; and I think it is a crying shame that the members of that board have been sitting there for months, drawing \$10,000 a year apiece, and doing practically nothing, when there is no injunction against them.

They could have been doing something, and I am not willing to be controlled absolutely by their preference in a case of this kind. I think we ought to put this provision in the law, and they certainly can not complain in any way. It does not cripple them in any way, that is certain. It is helpful to them. It may not be precisely what they want, but if it is what is needed in this emergency we ought to provide for it.

Mr. McKELLAR. I ask the Senator if he does not think we ought not to be deterred from doing what is manifestly the right thing in the matter by bickerings or differences between the board and the Secretary of the Treasury?

Mr. FLETCHER. Certainly not.

Mr. McKELLAR. He apparently has been differing about everything that has been submitted to him by the American Congress for quite a while.

Mr. FLETCHER. I do not see any very great difference between what is indicated on one side as being the view of the Secretary of the Treasury and what is indicated on the other side as being the view of the Farm Loan Board. I do not know of any very great difference between them. The important thing is to provide in this law a means whereby this board can have funds with which to accommodate the borrowers who are needing the money. That will be accomplished by either method, and that is the main thing. The most direct way, and it seems to me the clearest way, and the most efficacious way, is the way set out in the proposed amendment by the committee to this bill, and therefore I think we ought to agree to this.

Furthermore, Mr. President, with reference to this litigation, I am inclined to think that perhaps the very first obstacle in the way of the Supreme Court is the question of jurisdiction. They may not get to the question of the constitutionality of the act at all, or the question of the tax exemption at all. The first hard place in their road, it seems to me, is the question of jurisdiction. I have read the briefs on both sides of the case, and I know something of the case, and it does seem to me a very, very doubtful matter whether the Supreme Court has jurisdiction in the case at all. The plaintiff is a stockholder in a trust company, an individual. That trust company proposed to invest some of its surplus in farm loan bonds, and this stockholder in a private trust company seeks to enjoin that trust company from investing in farm loan bonds, because, he says, those bonds are issued in pursuance of an act that is unconstitutional, in that they are exempt from taxation. It is a very roundabout sort of way to invoke the jurisdiction of the Federal courts, and I doubt very much if they get farther than that.

Mr. LODGE. May I ask the Senator a question?

Mr. FLETCHER. I yield for that purpose.



Mr. LODGE. The Senator spoke about the Federal Farm Loan Board sitting still and doing nothing. Does the Senator mean they are sitting still and doing nothing on account of their belief that the act is unconstitutional, or are they guilty of refusing loans because they think the security bad?

Mr. FLETCHER. Perhaps I went a little too far in saying that they are doing nothing. The board is, of course, occupying offices, and they keep in some sort of touch, perhaps, with the banks. They look after the examination of the Federal land banks, and they keep perhaps in a little touch with the National Farm Loan Associations, but they say they can not make loans because they have not the money. They have not the money because they have not offered the bonds for sale, for the reason, they say, that the bonds will not be taken as long as there is a question as to whether the bonds are legally exempt from taxation or not. Of course, if it is held that they are not exempt from taxation because Congress can not exempt them from taxation, then they must draw a higher rate of interest than they would if they were exempt from taxation.

Mr. LODGE. Their inertia, in other words, which is what I inquired about, grows out of the doubt as to the legality of the bonds, and not out of the fact that they are refusing bad security?

Mr. FLETCHER. It grows out of the uncertainty of the decision of the court, as to whether the bonds are legally tax exempt or not.

Mr. SWANSON. They will have no funds until the funds are derived from the sale of the bonds.

Mr. LODGE. I understand.

Mr. SWANSON. That is the only source of income they have. The Government is selling certificates of indebtedness from time to time, but this suit has made it impossible to sell the bonds at this time. The same conditions that affected the sale of bonds during the war affect the sale of these bonds now from month to month. These are the only funds they have.

Mr. LODGE. The Senator does not quite apprehend my question. I was seeking to find out whether the difficulty in selling the bonds and getting the money arose from the fact that there was a doubt as to their legality, from the questions raised in the Supreme Court, or whether it arose from the fact that the security was not considered good.

Mr. SWANSON. The security was considered good, because up until we entered the war they were rapidly taken. Twenty-six million dollars' worth of these securities were sold prior to the war.

Mr. FLETCHER. They raised \$360,000,000 and loaned it to the farmers in this country at 4½ and 5 per cent.

Mr. SWANSON. The farm-loan commissioner in his letter states that up to date the Federal land banks have made loans to 131,395 farmers, amounting to \$369,242,464, the average to each borrower being \$2,810.

Mr. LODGE. They are not bought now, because they are not thought to be a desirable investment?

Mr. SWANSON. That is true.

Mr. LODGE. And this is an effort to make them a desirable investment?

Mr. SWANSON. No; this is to let the Government buy them; and in the hands of the Government they are not liable to taxation.

Mr. LODGE. They are not a desirable investment to the ordinary buyer; therefore it is sought to make the Government take them.

Mr. FLETCHER. I want to say, Mr. President, if there is any question about the security back of these bonds, and the safety of the bonds themselves, then that question can be raised about any sort of security in this country and as to every sort of security, because if our farm lands have no value any longer, if the property which is mortgaged to secure these bonds is no longer of any value, then the whole country has gone to the bad; that is all there is to that, and we have nothing worth while in this country.

Mr. POMERENE. Mr. President, even if the act were ultimately held unconstitutional, if these farmers receive the money they could not refuse to refund because of that fact.

Mr. FLETCHER. Of course not; there is no question about that. There is nothing involving past transactions in the case, anyhow. But the bonds are based upon mortgages upon real estate, farms in cultivation, of the appraised value of twice the amount loaned in every case. The law provides no loan shall exceed 50 per cent of the value of the land mortgaged and 20 per cent of the value of the permanent, insured improvements thereon. Against these collective mortgages the bonds are issued and sold to the public and the proceeds thereof are loaned to farmers. Consequently, if that security is not good, I say there is nothing good in the country.

Mr. POMERENE. Let me ask the Senator another question. He has said that they refused to function because the legal question was raised. I can understand how that might have some influence with the public. But have they made an effort to sell these bonds, or have they simply assumed they could not sell them because the question was raised?

Mr. FLETCHER. I think that is correct. Mr. President, I am anxious to get to a vote on this question, and I shall not detain the Senate further.

Mr. GRONNA. I want to suggest to the Senator, who has probably overlooked stating it, that these bonds were sold at a premium; they were commanding a premium.

Mr. FLETCHER. That is quite true, and they have been sold heretofore bearing interest at the rate of 4½ per cent at a premium.

Mr. GRONNA. At a large premium.

Mr. FLETCHER. At a large premium.

Mr. GRONNA. And at one time it was impossible for the Government to purchase any of those bonds until the question of the constitutionality of the exemption feature was raised.

Mr. FLETCHER. That is quite true.

Mr. GRONNA. If the Senator will pardon me just another moment, I should prefer the amendment of the Senator from Virginia [Mr. GLASS] to the amendment of the Senator from Connecticut [Mr. McLEAN]. I hope the Senator from Connecticut will increase the amount to at least \$75,000,000. I do not think \$50,000,000 would be sufficient.

Mr. FLETCHER. There is leeway, of course, where there is \$100,000,000. It may be that \$50,000,000 would do, or that \$75,000,000 would do, but I am quite sure the Secretary would not buy more than was necessary.

Mr. GRONNA. I do not want to trespass upon the Senator's time, but the Committee on Agriculture and Forestry, by a unanimous record vote, placed an item similar to this in the Agricultural appropriation bill, and when the Senator from Virginia [Mr. GLASS] asked to have it placed on the pending legislative appropriation bill, I said to him that I preferred that it should go on this bill, and I hope that no one will object to it.

It must be apparent to everyone that if the farmers are to carry on their farming operations, something must be done to relieve the situation.

This would mean no loss to the Government. Every dollar will be paid back. There is no question, I will say to the Senate, as to the legality or the constitutionality of the mortgages. The farmers will pay the mortgages; every one of them will be paid, and, regardless of what the decision of the Supreme Court may be, these bonds will be redeemed.

Mr. FLETCHER. I entirely concur in what the Senator has said. I hope the Senator from Connecticut will not ask to have the amendment go over, but that we may have a vote on it now.

Mr. HARRIS. Mr. President, I wish to make a statement in regard to this matter. If conditions in the other agricultural States are like they are in mine, there will be a demand from the farmers of more than \$100,000,000 a year. More than 40 banks in splendid agricultural communities in my State have closed their doors in three months, the agricultural people are needing the loans from the Federal land banks more than ever before in their history, and I sincerely hope the amount will not be reduced. Unless we arrange to help the farmers get money at a reasonable rate of interest from the Farm Loan Board the farmers will be at the mercy of the loan combines, who charge them unreasonable interest rates. When we were voting money for railroads in the revolving fund—hundreds of millions—we did not hear objection from Senators on the other side who are now raising objections to providing for loans to farmers. I can not believe that some Senators understand the deplorable condition of the farmers in sections of our country, otherwise they would be more willing to join those of us who are urging legislation for their relief.

Mr. McCUMBER. Mr. President, it is admitted that there are now applications which have been approved in the sum of about \$65,000,000. If that be true, and there certainly will be additional applications, why provide for a sum which will be insufficient to take care of even the present approved applications? In all probability the applications will grow at least to \$100,000,000; but, whether they do or not, there will be no necessity of using the credit of the Government for any greater amount than the sum total of the applications, and I hope the Senator from Connecticut will agree that the authority may be for \$100,000,000 instead of either \$50,000,000 or \$75,000,000.

Mr. President, I am exceedingly gratified to find that the Senator from Ohio [Mr. POMERENE] joins with me in the sentiment that we will by this bill do something for the farmers of the United States, even though he accompanies his declaration with

a side kick at the emergency tariff bill. Whenever by law or by lack of proper laws we grind one class of people down to a condition in which they are unable, with the prices they receive for their products, to purchase the necessities of life at the prices fixed by the other class of American citizens for their products and make the two ends meet, I am willing to dole out to them as a semicharitable proposition whatever may be necessary to keep them alive. But I confess I would rather go further, and by legislation, if possible, assist them to a condition in which they will receive such a sum for their products that they will not be compelled to ask Congress for these favors.

I think the farmers would much prefer a price for their product that would enable them to get rid of mortgages rather than to have the Government loan them more cheaply than they can get their loans from private individuals to help tide them over. But admitting the situation to be as it now is, and recognizing their deplorable condition, I am ready to help them out in any possible way, and let the Government, by a system of taxation, raise the money to loan to the farmer so that he can possibly live at least from one year's end to the other.

I think the time is coming, and we may as well face it, in which the great agricultural interests of the country are going to demand rights and opportunities in the American markets for the products of their farms equal to those of the protected industries throughout the United States. I want to help them to bring about that result. Two-thirds of the population of this country are in the cities. They sell their products to the rural population of this country and export what is not sold in this country. They are interested in getting as much as possible for their labor and their products and equally interested in purchasing the agricultural products as cheaply as possible. That is the natural law of human selfishness. If both are able to sell for a good profitable price, all right; but so long as the farmer is unable to secure a just price for his products in the fight against world competition, wherever it is possible for me to help him equalize his condition with that of those from whom he must purchase I shall put in a word and offer a measure for his benefit. Whether we agree that it will be beneficial or not may be a matter of different opinion, but one thing is absolutely certain: If the bill which we are offering him will do him no good, then it will do no one else any harm, and I think we might take the chance of whether it would do him any good.

Mr. POMERENE. Well, Mr. President, I did not intend to provoke this assault. The Senator and I can not agree on his proposition. I think we do agree upon the pending proposition. There has never been a moment in my life when I was not willing to do something to help to conserve the credit of the farmer so that he might get some benefit and get proper financial accommodation. I mean no disrespect when I say that I do not believe in trying to bunco the farmer by presenting a bill which, it is said, will increase the price of his wheat or his cotton.

Mr. McCUMBER. Mr. President, I think the Senator does scant justice to the intelligence of the American farmer. The American farmer generally knows whether he is buncoed or whether he is not. When the great National Grange, composed of the intellectual people of the farming sections of the whole United States, asks for the legislation, then I am not one to stand here and say they are buncoing themselves. They understand the situation. When every farm organization in my State and in the State of Minnesota and throughout that great Northwest sent their resolutions and petitions, long before the bill was introduced, asking for a protection that would be almost tantamount to exclusion, I think they had enough intelligence to know what was for their own good. When every farm journal in the United States is demanding the same kind of legislation, when journals that from one year's end to the other have sought to obtain every possible bit of information upon the subject and to present it from every angle of opposition present their conclusions to the American Congress, I have an idea that they have just as much intelligence on the subject as we have; and if they all want to bunco themselves on a matter which the Senator says will do them no good, then for heaven's sake let them have their way, as long as we admit it will do no one else any harm. For my part, I shall not agree either that they have buncoed themselves or that anyone else is attempting to bunco them.

Mr. POMERENE. The only difficulty is that the class of farmers who have been farming farmers all their lives are the class who have brought forth the legislation.

Mr. McCUMBER. Does the Senator mean to say that the organization of farmers in my State who belong to the Equity Society or who belong to the grange or other farm organizations and who unanimously have asked for legislation of this kind are farming somebody else?

Mr. POMERENE. I am not speaking of the rank and file.

Mr. McCUMBER. But it is the rank and file who are making these applications.

Mr. POMERENE. I am speaking of the political farmer.

Mr. McCUMBER. Yes; but it is the rank and file of farmers who are making this application and petitioning the Senate to act upon their bill.

Mr. POMERENE. Very well.

Mr. McCUMBER. And the Senator can not slur them out of court. Their petitions are entitled to respectful consideration.

Mr. SMOOT. Mr. President, the Senator from Connecticut [Mr. McLEAN] up to this time has found it impossible to even get his proposed amendment read from the desk. I think the discussion that has taken place, without it having been read, is rather premature, so I am going to start out by reading the amendment, and then the Senator from Connecticut, if he desires to offer it later, of course, will do so. The amendment reads as follows—

Mr. FLETCHER. Do I understand this is to be offered as an amendment to the committee amendment?

Mr. SMOOT. As a substitute for the committee amendment; that is, it is proposed for a substitute. It reads as follows:

There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$80,000,000, to be immediately available for the creation of a fund to be known as the farm-loan revolving fund. Such fund shall, upon recommendation of the Federal Farm Loan Board, be invested by the Secretary of the Treasury from time to time as in his judgment occasion may require, in the purchase from any Federal land bank of Federal farm-loan bonds, which shall be purchased at a price not exceeding par and accrued interest, and shall be subject to repurchase by the bank selling same or any other Federal land bank at any time at par and accrued interest, and the proceeds thereof shall be returned to the farm-loan revolving fund, subject only to retirement as hereinafter provided. The fund hereby created shall be retired as follows: Eight million dollars on the 1st of January, 1922, and a like amount on the 30th of June each year thereafter until the same is fully retired. Such retirement shall be by order of the Secretary of the Treasury, covering the amount to be retired into the general funds of the Treasury.

This is a provision that the Secretary of the Treasury and the Federal Farm Loan Board would like to have incorporated in the bill to take care of the farmers.

Mr. POMERENE. Has that amendment been printed?

Mr. SMOOT. No; it has not been printed. I will hand it to the Senator if he desires to look at it.

Mr. FLETCHER. I think it is a very good proposition, I will say to the Senator. So far as I am concerned, there is not very much difference between the two.

Mr. SMOOT. I very much prefer this one. If I am going to assist the farmer, I want to assist him; I want to see that he is assisted and that assistance is rendered in the greatest possible manner.

The substance of the proposed amendment is this, that John Brown, for instance, may want to borrow \$1,000 or \$2,000 from the Federal Farm Loan Board. That may be a temporary loan: Within a year he may be able to pay it back or within six months he may be able to do it. That amount then can be loaned again, and not a single dollar taken out of the Treasury. It is a plan to use the money not once, but over and over again. Under the present amendment, if the money is used once and paid back by the farmer, it goes back into the Treasury of the United States and can therefore be used only once.

Mr. GLASS. Why should it not go back into the Treasury of the United States?

Mr. SMOOT. I am not complaining of it going back into the Treasury of the United States. I am simply saying that under this plan the money will go into the fund and can be used more than once.

Mr. SMITH of South Carolina. The Senator speaks of a revolving fund amounting to \$50,000,000 being appropriated. If the aggregate loans should be \$25,000,000 and the bonds were all paid off and the money returned, then it would be available for relending?

Mr. SMOOT. Yes; it would then be available for relending.

Mr. SMITH of South Carolina. And 10 per cent is to be retired.

Mr. SMOOT. Ten per cent each year is to be retired.

Mr. SMITH of South Carolina. That means that the life of the plan to aid the farmer will be 10 years?

Mr. SMOOT. Yes.

Mr. GLASS. If the Senator will permit me, the Senator knows that there can be no loans for six months. The minimum period is five years.

Mr. SMOOT. No; the Senator does not know that there can be loans for only six months under the amendment. There is no time limit in the Senator's amendment.

Mr. GLASS. Under the act itself there is a time limit.

Mr. SWANSON. Mr. President—



Mr. SMOOT. Mr. President, I prefer to go on and say what little I have to say now.

I admit to the Senate that there are over \$60,000,000 of applications that have been approved by the Farm Loan Board, but those include applications for loans as high as \$10,000 for improvements on farms. Many of them are for that kind of loans. I do not think the Congress of the United States at this time wants to burden the Treasury of the United States to loan money on application to the Federal Farm Loan Board for the purpose of improving farm homes or improving the roads upon the farms or building larger barns, and so forth. What we want to do now is to take care of the small farmer and to carry him over the season.

Mr. HARRISON. But, if the Senator will permit me, the object of the Federal land bank was to make available money so the farmer could improve his land. If the litigation had not been pending in the Supreme Court the money would have been loaned to him and he would have improved his land. So the Senator's argument is that he is against the proposition.

Mr. SMOOT. No; this is an emergency matter, as I said. I am not objecting to that provision in the law at all. This is an emergency matter which I think ought to be used entirely to assist the small farmer over the crisis in which he finds himself. The Federal Farm Loan Board will do that very thing, and applications for that specific purpose will be agreed to by the board before the applications that are now pending, for as much as \$10,000 for the erection of buildings and other improvements upon the farms, are considered.

Mr. SWANSON. I should like to know what provision there is in the amendment to the effect that as soon as a farmer pays his loan the Federal Farm Loan Board is required to turn that money back into the Treasury. As I understand it, the Government buys the bonds and that money is then placed to the credit of the Federal farm loan banks. Then the farm loan banks must redeem the bonds within three years at the suggestion of the Secretary of the Treasury, according to the last provision. But until three years have passed, as I understand it, the money would be available, would it not?

Mr. SMOOT. There is nothing in the amendment now that would justify any such reloaning of the money.

Mr. SWANSON. What is there to prohibit it?

Mr. SMOOT. The amendment reads:

The Secretary of the Treasury is hereby authorized from time to time during the fiscal years ending June 30, 1921 and 1922, respectively, to purchase at par and accrued interest, with any funds in the Treasury not otherwise appropriated from any Federal land bank, farm loan bonds issued by such bank.

Such purchases shall not exceed the sum of \$100,000,000 in either of such fiscal years, shall be made only upon the recommendation in writing of the Federal Farm Loan Board, and the bonds so purchased shall bear interest at the rate of 5 per cent per annum.

Any Federal land bank may at any time purchase at par and accrued interest, for the purpose of redemption or resale, any bonds so purchased from it and held in the Treasury.

Mr. SWANSON. That is right. Now, go right ahead.

Mr. SMOOT. It continues:

The bonds of any Federal land bank purchased by the Secretary of the Treasury and held in the Treasury under the provisions of this act three years from the date of purchase shall upon 30 days' notice from the Secretary of the Treasury be redeemed or repurchased by such bank at par and accrued interest.

The only thing he can do under that language is to redeem or repurchase the bonds.

Mr. SWANSON. It does not say so. If the Senator will permit me, at the end of three years if the Secretary of the Treasury gives notice, any and all of the bonds must be redeemed; but the Federal land bank has its resources; it has its money; and it can at any time redeem the bonds. There is nothing in the language to the effect that the bonds must be redeemed on every payment which is made. The bonds are simply sold.

Mr. SMOOT. But if the board does not hold the money they can not redeem the bonds in three years; or, in other words, if it kept going out from a revolving fund and they had to redeem the bonds at the end of three years, they would not have any funds with which to redeem them.

Mr. SWANSON. That is not compulsory; it is a question of policy.

Mr. SMOOT. But does not the Senator know that if they do not keep the money they can not redeem the bonds?

Mr. SWANSON. They could redeem them.

Mr. SMOOT. But they could not, because they would not have any money with which to do so.

Mr. SWANSON. They would have the money which is being paid in all the time.

Mr. SMOOT. Not if again loaned out, and it will take all the money that is being paid in all the time with which to redeem the bonds.

Mr. SWANSON. The Senator has the idea that a bank can not pay its obligations unless it keeps all of its money in its vaults.

Mr. SMOOT. The Senator from Utah knows that banks always keep a sufficient fund on hand with which to pay daily obligations, but if they had to pay all their depositors on a given day they would have to arrange ahead to do so.

Mr. SMITH of Georgia. What is the amendment which has been proposed by the Senator from Utah?

Mr. SMOOT. I have not offered an amendment, but the Senator from Connecticut [Mr. McLEAN] is going to offer an amendment, which provides for a revolving fund of \$50,000,000. It is a proposition which comes from the Secretary of the Treasury and the Federal Farm Loan Board. They want such legislation; it will enable them to take care of the situation, and think it a better way than the committee amendment.

Mr. SMITH of Georgia. The proposition of the Senator from Connecticut is that there shall be an authorization of \$50,000,000, to be used as a revolving fund, with the requirement that it be redeemed in three years.

Mr. SMOOT. That it be redeemed in 10 years. The proposition is that there shall be a redemption of \$5,000,000 a year. The first redemption is of 10 per cent on June 30, 1921, and a like amount for the next nine years following.

Mr. SMITH of Georgia. The proposition of the Senator from Connecticut is to make the sum \$50,000,000 instead of \$100,000,000?

Mr. SMOOT. To make it \$50,000,000 instead of \$100,000,000. Mr. SMITH of Georgia. And to provide for the redemption each year for 10 years instead of in 3 years?

Mr. SMOOT. Instead of at the end of three years.

Mr. SMITH of Georgia. That is the change proposed?

Mr. SMOOT. Yes.

Mr. SMITH of Georgia. I agree with the view that the 10-year redemption feature would be a substantial help, although it reduces the amount proposed to be authorized.

Mr. SMOOT. That is the amount which the Secretary of the Treasury and the Federal Farm Loan Board suggest.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from Utah yield to the Senator from Connecticut?

Mr. SMOOT. Yes.

Mr. McLEAN. So far as I am concerned, I am perfectly willing to agree that the amount shall be \$75,000,000 instead of \$50,000,000. That certainly will cover every contingency.

Mr. FLETCHER. That would be better, I think.

Mr. GLASS. It is unfair to say that the Secretary of the Treasury and the Farm Loan Board want the proposition which has been presented by the Senator from Connecticut.

Mr. SMOOT. They are in favor of the proposition.

Mr. GLASS. Not in preference to the amendment reported by the committee. I have already explained to the Senate that it was merely a question of comity between the active members of the Federal Farm Loan Board and the ex officio member, the Secretary of the Treasury. The Secretary of the Treasury felt that the Farm Loan Board had initiated the amendment. As a matter of fact, it had done nothing of the sort. So, to meet the view of the Secretary of the Treasury, they brought up to me the modified proposition which the Senator from Connecticut now offers. It is not fair to assume that the Farm Loan Board is opposed to the amendment as reported by the committee. As a matter of fact, it does not oppose it.

Mr. SMOOT. I have not made any such statement upon the floor of the Senate. I do know that the amendment which is here came from the Federal Farm Loan Board, or a member of that board, for it was discussed while the Federal War Finance Corporation bill was being considered upon the floor of the Senate. This was the outgrowth of the movement to assist the farmer along the lines that the Federal War Finance Corporation was to assist him.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield.

Mr. POMERENE. The statement has been made on the floor of the Senate that there had already been \$65,000,000 of loans approved by the Federal Farm Loan Board, and so forth. That being so—and the Federal Farm Loan Board must know that fact—why do they now ask for only \$50,000,000?

Mr. SMOOT. I do not know whether the Senator from Ohio was in the Chamber at the time when I called attention to the facts. I grant you that \$65,000,000 of applications have been approved by the Federal Farm Loan Board, but a great ma-

jority of those loans, I will say to the Senator, are for sums ranging from \$5,000 to \$10,000. They were not made to tide the farmers over this era of distress, but they were made years ago. Many of them, I will say to the Senator, were made for the improvement of farms, for the building of barns and fences and walks and the erection of other buildings.

Mr. SMITH of Georgia. But, if the Senator will allow me, those loans still continue to mature, and now it will be exceedingly difficult for the farmers to finance them unless they continue to have help from the Federal land banks.

Mr. SMOOT. That is exactly what this amendment will do, I will say to the Senator from Georgia. Not only that, but under the amendment which has been offered, the Federal Farm Loan Board can select out of those applications the ones which are made by those who are in distress and who have got to receive immediate assistance. That action could be taken under either proposition. However, I simply call that to the attention of the Senate because of the stress which has been laid upon the fact that there are now existing \$65,000,000 of applications which have been approved.

Mr. McLEAN, Mr. POMERENE, and Mr. SWANSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I think the Senator from Connecticut rose first. I yield first to him and then will yield to other Senators.

Mr. McLEAN. Mr. President, notwithstanding the statement made by the Senator from Utah, I think that we ought to cover everything that may be necessary.

Mr. SMOOT. I did not say that we should not do so.

Mr. McLEAN. And if it is not necessary, they will not use it; \$75,000,000 will certainly cover everything that is necessary.

Mr. SMOOT. I do not object to that, I will say to the Senator.

Mr. McLEAN. It seems to me that the question then is as to which plan is the better one.

Mr. SMOOT. That is all there is to it.

Mr. SMITH of South Carolina. May I ask the Senator from Connecticut if the question is which is the better plan, the revolving-fund idea being in his amendment more prominent than in the other, why should we not raise the amount to \$100,000,000, because the Senator knows and I know and all other Senators here know that a condition of distress exists?

Mr. McLEAN. I can not conceive that more than \$75,000,000 will be necessary. Congress will be in session again in April, and if it should become necessary we could add to the amount then. In my opinion \$75,000,000 will certainly be enough to cover the emergency.

Mr. SMITH of South Carolina. If the Senator will allow me, I should like to call his attention to the fact that there is in the New York Times this morning an article in regard to the conditions existing, and I think those conditions are depicted in that article with entire accuracy. The 1st of March will soon be here. Between now and the 15th of March, if the hope of a great many farmers for any kind of an extension shall not be realized, and they shall be unable to secure these loans, they will not be able to make another crop.

I state now that \$100,000,000 will not more than take care of the situation.

Mr. SWANSON. Mr. President, if the Senator will permit me, the Federal Farm Loan Board were loaning at the rate of \$15,000,000 a month at the time they ceased operations. The conditions now are much worse than they were at that time. Sixty-five million dollars of approved applications have accumulated. At the rate of applications for \$15,000,000 a month, if the farm-loan bonds had continued to be purchased by the Federal Government, there would have been applications for \$180,000,000 a year.

The Farm Loan Board says the conditions are worse and that it is impossible for them to secure funds unless some provision is made by this bill. The Government is now selling practically \$2,000,000 worth of certificates of indebtedness from month to month, and thereby absorbing the loaning power of the country, so that it will be very difficult to float bonds of the Federal land banks bearing  $5\frac{1}{2}$  per cent interest when the Government is borrowing money at  $5\frac{1}{2}$  per cent and 6 per cent interest. So the same conditions that stopped the Federal land banks from selling their bonds during the war on account of the Government floating the Liberty loans exist to-day, and so long as the Government shall continue to borrow money by certificates of indebtedness it will absorb to a great extent the loaning power of the country. Consequently, it seems to me the same wisdom which prompted the Government to buy these bonds during the war should dictate a similar course to-day. The amendment simply provides an authorization which would

allow the Government to control the loaning of money so far as this Government instrumentality is concerned.

Mr. SMOOT. Now, Mr. President, I should like to proceed.

Mr. SIMMONS. Mr. President, will the Senator from Utah yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Yes.

Mr. SIMMONS. I wish to say that I think there is a great deal of force in what the Senator from Utah said a little while ago with reference to the changed conditions, which ought to bring about a change in policy in connection with making these loans. I know that \$65,000,000 of applications have already been made, but those applications were made at a time when the board was pursuing a different policy from the one which they ought to pursue to relieve those in distress, those who are asking for relief, and who ought to have relief.

Mr. SMOOT. The small farmer.

Mr. SIMMONS. The small farmer; yes. I think those applications ought probably to be scrapped. I doubt whether we are in a condition now to make that character of loans. I think it would be very much better in view of the situation to change the policy so as to make it apply for the purpose of relieving the present emergent situation.

While I agree with the Senator with respect to that, I am thoroughly convinced from my knowledge of the situation and the requirements of the farmers that even \$75,000,000 will not be adequate. I do not believe that \$100,000,000 will be adequate, but I think the Senator ought to consent to the \$100,000,000 limitation. That will be of some material assistance.

The other feature which differentiates the plan which the Senator from Utah is advocating and that which the Senators from Virginia are advocating appeals very strongly to me. I very much prefer the revolving-fund system to the flat system, and if the Senator from Connecticut, who has offered the amendment, will raise the amount to \$100,000,000 I should prefer his proposition.

Mr. SMOOT. Mr. President, I wish to state further that under the committee amendment that whole sum will be due within three years, and there will be no fund to redeem the bonds unless loans are repaid by that time. As the payments come in there will be no interest collected on them, but that fund will have to remain intact, not drawing any interest. In the case of the revolving fund, however, the money comes in one day and goes out the next, or, at least, it will not take more than a week, because the applications have already been approved. Therefore, Mr. President, I think \$50,000,000 in a revolving fund will go just as far as \$100,000,000 under the proposal of the committee amendment, and I am quite sure that \$75,000,000 under the revolving-fund system will go further than \$100,000,000 under the other system to relieve the distress of the farmer.

I do not mean the farmer who has a farm of 6,000 acres, with automobiles and horses and barns. I mean the man that Congress wants to help, the small farmer that wants to borrow \$1,000, or \$2,000, or \$3,000, but not above that.

I had hoped, Mr. President, that the Supreme Court would hand down its decision months and months ago. I warned the Senate, when they undertook to put in the joint-stock land banks that that course would make trouble for the Federal Farm Loan Board system. I warned the Senate that we had no right whatever to authorize individuals in this country to incorporate themselves into a company and issue obligations that were free from taxation. Not only that, but after the law passed, and the joint-stock companies began to be organized, a provision was put into the revenue law that the interest from those tax-free obligations should not be taxed. I pleaded with the Senate to take the House provision out. The Senate did take it out, but it went back in conference. Unless the bill that I have introduced, and that has been reported favorably to the Senate and is now on the calendar, is passed, mark my words when I say that men who desire to loan money in the United States had better organize themselves into a joint-stock land bank under the existing law.

Mr. President, of course everybody is worried over the distress of the farmer; there is not any question about that; but I want to say frankly to you, Senators, that I am worried to-day over the distress of our Treasury. I do not see where we are going to land. I say now that if the returns upon the business for 1920 continue in the same proportion of reduction as the returns that have been received, instead of receiving what we anticipate for the business year of 1920 we shall fall short hundreds of millions of dollars. When it comes to the question of appropriations, I have almost given up all hope of



getting them reduced; but remember, Senators, the money to meet them will have to come from some source, and I do not say this with particular reference to this proposed amendment; but I say it because I not only want the Senate to know it but I should like to have the country know it as well.

Mr. GLASS. Mr. President, I was just wondering what particular application the Senator's remarks have to this proposition. As a matter of fact, under the amendment he has proposed the Treasury of the United States will be kept out of its funds much longer than under the amendment reported by the committee.

Mr. SMOOT. Let me tell the Senator from Virginia one thing, and I think he knows it. The Senator knows that if that loan is made, and if at the end of three years it is not paid back, Congress will simply extend the time of payments; that is all.

Mr. GLASS. As a matter of fact, the Senator from Virginia knows just as well as he can know anything, that when the Supreme Court shall have delivered its decision, if it maintains the validity of the tax exemption, the Federal land-bank system of this country will not require any aid from the Government. As a matter of fact, it can go out as it went out on former occasions and sell its bonds more readily than any other institution that I know anything about in this country.

Mr. SMOOT. There is no question about it.

Mr. GLASS. As a matter of fact, if the Senator will permit me, I know that the Government has interfered too much with the operation of the farm-loan system rather than aided the farm-loan system. As Secretary of the Treasury, I myself prevailed upon the Farm Loan Board to keep their bonds off the market while we were conducting the Liberty loans, and they did keep their bonds off the market; and if the court will just hand down its decision, if that decision is in favor of the validity of the tax-exemption feature of these bonds, I guarantee that the Federal Farm Loan Board will never have occasion to come to Congress for any financial aid.

Mr. SMOOT. Mr. President, I am as positive as that I stand here that if the Supreme Court decides that the Federal farm loan act is constitutional, the Federal Farm Loan Board could sell \$1,000,000,000, yes, \$2,000,000,000 and more of bonds exempt from all forms of taxation. Why, Mr. President, talk about Liberty bonds! The Government was trying to sell Liberty bonds, and they were taxable, and the Federal farm-loan bank was selling 5 per cent bonds with no tax imposed upon them. Anyone who pays an income tax would buy the Federal farm-loan bonds in preference to the others.

Mr. GLASS. Then why does the Senator say that in another year the Federal farm-loan banks will be back here in Congress? Does the Senator apprehend that the Supreme Court will declare invalid the tax-exemption feature of these bonds?

Mr. SMOOT. Yes, Mr. President; I am very, very apprehensive of it and because of the joint-stock land banks. I think the Supreme Court of the United States can not hold otherwise as to them.

Mr. GLASS. I hope the Supreme Court of the United States will hold that the joint-stock land bank feature of the act is invalid, but I have no idea in the world that the Supreme Court of the United States will hold the tax-exemption feature of the Federal farm-loan bonds invalid.

Mr. SMOOT. That may be, but I can not see how the Supreme Court is going to decide otherwise. Why should the Senator from Ohio and the Senator from Virginia and the Senator from Kentucky and the Senator from South Carolina and the Senator from Utah have the privilege, as individuals, of organizing a joint-stock land bank and issuing bonds free from taxation?

Mr. SMITH of Georgia. As the Senator said, we struck out in the Senate that special privilege of exempting their bonds from taxation, and I agree with the Senator that they ought not to be exempt. Now, suppose the Supreme Court should hold that that branch of the act was invalid. Under the terms of the act it is not necessary to extend the decision of invalidity to our Federally organized banks.

Mr. SMOOT. There is a question there which is a very close one.

Mr. SMITH of Georgia. I should be glad to see the bill amended, and amended at once, subjecting the bonds issued by these private companies to income taxes just like any other loans. The truth is I never did believe much in them. I thought the work ought to be done through the Federal organization.

Mr. SMOOT. If we could only get the Senators in the Chamber when the proposal was up, perhaps we could get a favorable vote on it; but I will say to the Senator from Georgia that it has been absolutely impossible to do so thus far.

Mr. SMITH of Georgia. Any time when the Senator can call it up I shall be glad to support immediate action on it.

Mr. SMOOT. Mr. President, I do not want to take any further time on this matter.

Mr. FLETCHER. Mr. President, let me say for the joint-stock land banks that they are limited to 6 per cent. They can not charge a borrower in excess of 6 per cent.

Mr. SMOOT. Who would want a greater privilege than to lend money at 6 per cent, and, under the law, be authorized to lend fifteen times the capital stock? In other words, the Senators that I spoke of could organize themselves into a joint-stock land bank, they could put up a million dollars of capital stock, and under the law itself they are authorized to issue \$15,000,000 in tax-exempt securities.

Mr. SMITH of Georgia. Their 5 per cent bond is better than any 7 per cent security to a man who has an income over \$100,000.

Mr. SMOOT. That is true.

Mr. SMITH of Georgia. And when the income gets up to a million dollars—

Mr. SMOOT. Then it is worth more than 9 per cent.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Connecticut?

Mr. SMOOT. I do.

Mr. McLEAN. I want to perfect my amendment by striking out "\$50,000,000" and inserting "\$80,000,000." Then, near the end of the amendment, I desire to strike out "\$5,000,000" and insert "\$8,000,000" for retirement each year.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. SMITH of Georgia. Mr. President, I wish to call attention to the provisions of the measure as it is reported.

First:

The Secretary of the Treasury is hereby authorized from time to time during the fiscal years ending June 30, 1921 and 1922, respectively, to purchase at par and accrued interest, with any funds in the Treasury not otherwise appropriated from any Federal land bank, farm-loan bonds issued by such bank.

Such purchases shall not exceed the sum of \$100,000,000 in either of such fiscal years.

So that really the provision as it is contained in the bill authorizes the purchase of \$200,000,000. It makes it practicable to purchase \$200,000,000. The only part of the provision in the amendment reported by the committee that disturbs me somewhat is this provision:

The bonds of any Federal land bank purchased by the Secretary of the Treasury and held in the Treasury under the provisions of this act, three years from the date of purchase, shall upon 30 days' notice from the Secretary of the Treasury be redeemed or repurchased by such bank at par and accrued interest.

Does the Senator from Virginia feel sure that it would be practicable to redeem these bonds in three years, or does he think this is a mere discretion, and that unless the necessities of the case require it it will not be called into operation?

Mr. GLASS. Very likely not. As a matter of fact, however, the members of the Federal Farm Loan Board feel absolutely sure, as I do, that in the event the decision handed down by the Supreme Court should sustain the validity of the tax exemption of the Federal farm-loan bonds, the banks will experience no difficulty whatsoever in selling all the bonds that they may require.

Mr. SMITH of Georgia. And, furthermore, it may be to the interest of the Treasury to continue to take them up, rather than to put these nontaxable 5 per cent bonds on the market to compete with our own securities. The Secretary of the Treasury would have every inducement to take care of them.

Mr. CALDER. Mr. President, the senior Senator from Utah [Mr. Smoot] stated a moment ago that if the action that is pending in the Supreme Court, contesting the validity of the farm loan act, is not sustained, and the law is held to be valid, it will be possible for the farm-loan banks to float a billion dollars' worth of their bonds at 5 per cent. I agree with the Senator from Utah. It is my opinion that they could float \$2,000,000,000 or even \$3,000,000,000 worth of these bonds, for the great moneyed interests of the country, the men with large incomes, would take them at once, thereby freeing themselves from taxation.

I said a moment ago that there was in this country nearly \$15,000,000,000 worth of tax-exempt securities, and that this would add to that amount \$200,000,000. So if the law is held valid and the farm-loan banks finally issue these bonds, there will be no difficulty in disposing of them, and while they will be helpful to the farmer they will also afford an avenue by which the rich men and women of the country may escape taxation.

In spite of the statement I have just made, I am not going to make the point of order against the provision. In my State of New York, which is one of the greatest agricultural States of the Union, the farmers are not particularly clamoring for this

law. They have been fairly prosperous. Nearly all of them own automobiles. In the main, their farms are not mortgaged. They have made money in recent years. This particular legislation is not of any great advantage to them. But, Mr. President, I have been through the country during the past eight months representing a committee of this body, inquiring into the condition of the men in America who desire homes—the man on a wage, the business man with a small income—and to-day there is in the United States a need for at least 1,500,000 more homes for the people to live in. There is a shortage in nearly every city and village in the Union. Our committee had a hearing in Denver, and people came from Cheyenne, the home of the chairman of the Appropriations Committee, to tell us of their housing needs. In Kansas City they came to us a distance of 500 miles to explain their troubles and appeal for help. It will take at least \$5,000,000,000 to meet the Nation's needs in this regard. We have done nothing here, nor in any State of the Union, so far as I know, toward affording facilities to help in this situation. In my own State they have passed rent laws. Perhaps there was a demand for them, on account of the avaricious landlords. We passed a rent law here some time ago, and we passed another one the other day. That kind of thing tends to discourage building, and nowhere is serious thought being given to a solution of this problem, which is fraught with so much concern to our cities.

I introduced some months ago a home-loan bank bill which, if it had been enacted into law, would have permitted the organization in the several reserve bank districts of home-loan banks, created through subscription to the stock by the building and loan associations in these districts. It would have provided for the discounting of the mortgages now held by the building and loan associations of the country; and, in my opinion, in time of real need on the part of the home seeker would have made at least a billion dollars more available for financing the building of homes.

We have had a hearing on that bill before the Committee on Banking and Currency, but I have been unable to convince a majority of the members of that committee that the bill is a real necessity. The committee feels, perhaps, that it would create more tax-exempt securities; and really, Mr. President, that was the important reason that prevailed against my being able to obtain favorable consideration for the bill.

But I have introduced another bill, Mr. President, a very simple measure, which will do more to obtain money for the financing of building loans and for financing farm buying and farm owning than any other thing that has been presented so far as I know in this Congress.

We are short of money for financing the purchase of farms and homes to-day because of the fact that individuals who formerly loaned on properties of this character, on account of the excessive tax on their incomes, are placing their funds either in tax-exempt securities or investments bearing a higher rate of interest than paid on mortgages.

From the individual in the past has come most of the money for home and farm financing. Men of large income find that mortgages bearing 6 per cent, when the Federal taxes are paid often net less than 2 per cent, and these men are taking their money out of mortgage financing. I repeat we are doing nothing for the city dweller, although, as I said a moment ago, we never were so short of homes for the people, and there is an insistent demand that something should be done, and at once.

I have a bill which I shall introduce as an amendment to the substitute of the Senator from Connecticut, if it is adopted, and if it is not adopted I shall introduce it as an amendment to the committee provision.

My bill provides that the amount received by an individual as interest on an aggregate principal not to exceed \$40,000 of loans secured under a mortgage on real estate, including farms, and upon bonds or other securities of indebtedness of equal amount secured by or issued against such mortgage or mortgages, shall be exempt from all Federal taxation.

Mr. President, that amendment will simply provide that any individual holding mortgages up to \$40,000 against a home in the city or a farm in the country would have \$2,400 of his income exempt from taxation. I think the enactment of that bill would do more to attract money for the financing of farmers and homes than any other thing that has been proposed here or in the other House of Congress. Unless something of this kind is brought about, unless Congress does something to encourage the financing of home building in the cities, then, Mr. President, perhaps next year or the year after we may be facing the condition that England, France, Belgium, Holland, and Denmark have had to face in recent years, when the Governments themselves have been compelled to come in and build homes to take care of the people. In England to-day the Gov-

ernment is building 500,000 workmen's houses. I am opposed to having the United States going into the housing business in any form. The amendment which I propose to offer will, in my opinion, encourage the financing of the building of homes and of the purchasing of farms, and will tend to prevent the very thing Senators fear.

If my amendment is agreed to the loss to the Government in income will be very slight. I venture to state, Mr. President, it will be less than the Government will lose as a result of the wealthy men of America buying the \$200,000,000 of bonds provided for in the provision now under consideration.

The present tax laws, Mr. President, have affected materially the financing of the purchase of farms and the building of homes, and I know that if Senators have studied this problem carefully in their States, and realize that the matter of providing homes for the people is just as necessary and pressing as the financing of farms, they will agree that the adoption of my amendment will tend to greatly help the situation.

Mr. HARRISON. Mr. President, I am in sympathy with the Senator from New York [Mr. CALDER] in his desire to encourage home building and to aid people in obtaining homes. I do not know whether his bill has ever been considered by a committee or whether it has been favorably reported.

Mr. CALDER. It is a matter which, if it were an original proposition, would have to emanate in the House. This is a House bill.

Mr. HARRISON. Has it passed the House?

Mr. CALDER. It has not. It has been considered by a committee there, however.

Mr. HARRISON. I am very hopeful we will be able to incorporate one or the other of the propositions in the pending legislative appropriation bill. As was suggested by the Senator from North Dakota [Mr. GROENNA], the chairman of the Committee on Agriculture and Forestry, day before yesterday that committee unanimously voted to incorporate in the general appropriation bill for agricultural purposes a provision authorizing the Government to take a hundred million dollars of these bonds for the years 1921 and 1922.

The proposition advanced by the Senator from Connecticut [Mr. McLEAN] and endorsed by the Senator from Utah [Mr. SMOOT] to create a revolving fund, so that short-term loans might be made to farmers, is a very good idea, and I would very much like to see both propositions incorporated in this bill. The argument the Senator from Utah made would indicate that he is not very much in favor at this time of the Federal Farm Loan Board functioning according to the object and purposes stated in the statute. He says that this ought to be utilized for emergency purposes. I differ with him as to that. I believe that, notwithstanding the litigation pending in the Supreme Court touching the constitutionality of the proposition, the Farm Loan Board should be functioning, should be lending money to the farmers of the country on long terms, at low rates of interest, and giving them the advantages of the provisions of the law.

I believe, in addition to that, that the Federal Government could render the farmers no better service than to pass some law that would allow them to borrow money at low rates of interest for short terms to enable them to hold their staple products.

It is very true that the proposition advanced by the Senator from Connecticut would in a measure do the latter. But we ought to take care of both propositions in this bill. We ought to allow the Farm Loan Board to function according to the purposes and objects set out in the statute, and authorize the Government to take over about \$100,000,000 worth of these bonds each year for the years 1921 and 1922, and, in addition to that, in accordance with the plan suggested by the Senator from Connecticut, we ought to authorize the Government to take over about \$50,000,000 worth of bonds in order to create a revolving fund so that smaller loans might be made for shorter terms at lower rates of interest.

If we should incorporate both of those propositions in the bill we would be of some real service to the farmers of the country.

Mr. McLEAN. There would be much force in the position taken by the Senator from Mississippi if it were not fair to assume that the Supreme Court would decide the case involving the constitutionality of the act some time within a month or two. It seems to me unthinkable that we will not get a decision within a month or two on a matter of such consequence. The plan that is proposed in my amendment will take care of all the features suggested by the Senator from Mississippi for some time to come.

Mr. HARRISON. I differ with the Senator about that. We have been discussing this emergency tariff bill for weeks, and a great deal has been said about the farmers. I have opposed that



measure, and I have not opposed it because I am opposed to the farmers of the country, because I know of no reasonable demand which has ever been made by the farmers of the country that I have not cast my vote for. I chose when I came to the Senate to try to get on that committee of the Senate which might help the farmers of the country, and I have been glad every day since that I have been a member of the Committee on Agriculture and Forestry of the Senate. I am glad to help the farmers in any way, because I realize the conditions they are constantly up against.

Mr. McLEAN. We all realize that, and we want to do something effective.

Mr. HARRISON. As I say, then, if we want to do something effective, if we will take the plan suggested by the Senator from Virginia, and incorporate it in this bill, and allow the Federal Farm Loan Board to function just as it was intended it should function, and allow the Government to take over a hundred million dollars' worth of these bonds, and then incorporate at the same time the provision of the Senator from Connecticut to create this new revolving fund and take care of emergency cases, in that way we can pass some real legislation for the farmer. Did the Senator want to suggest something else?

Mr. McLEAN. It does not seem to me that we have to combine these two amendments. It is to meet an emergency, and if my view of the Federal farm-loan system is correct, \$50,000,000 is all that is needed under the plan that is suggested in my amendment. I propose to increase it to \$80,000,000, because it has been stated here that there are something like \$65,000,000 of applications that have been accepted, Congress will be in session in April, and if that does not meet the emergency, or if the Supreme Court holds that the law is unconstitutional, then we will have to do something radical in the way of providing legislation to enable this system to function. It seems to me this is all that is necessary. I am heartily in sympathy with the purposes of the Senator from Mississippi.

Mr. HARRISON. I am sure the Senator is.

Mr. McLEAN. I would not have raised any opposition to the amendment suggested by the Senator from Virginia if the matter had not been called to my attention by those who are administering the functions of this board, and there seems to be some misunderstanding.

The Senator from Virginia [Mr. GLASS] has a different interpretation of the position of the board from what I have, and I have suggested that the matter be postponed temporarily until we could consult with those who are interested and agree upon some proposition. I have no pride in the matter and I have no desire to postpone a vote. All I want is to have the Senate understand the plans and to take their choice.

Mr. HARRISON. I will say to the Senator that it would make no difference if the Secretary of the Treasury and the Farm Loan Board were opposed to it, I would be for it, and I think it merits the support of the Senate. So far as the amount suggested by the Senator in his amendment is concerned, it is totally inadequate. It would never be sufficient to take care of the demands. My mail is filled with suggestions from my constituents, and I imagine the mail of other Senators is, too, calling attention to the fact that the Farm Loan Board is not functioning, and that if it could be revived and allowed to function it would be able to a large extent to take care of the present situation.

Mr. McKELLAR. So far as I am concerned, I would be very much better pleased to amend by increasing rather than by diminishing the amount for this purpose.

Mr. HARRISON. If the Senator from Connecticut is going to offer a substitute for the proposition, because we have to either vote it up or down, I certainly hope he will not propose to decrease the amount suggested by the committee. I know how the Senator feels, because he has been very kind in this matter. As chairman of the Committee on Banking and Currency, he voted for and reported out a provision, on May 19, 1920, I think it was, allowing the Government to take care of a certain amount of the bonds. I think in that instance it was \$26,000,000. The Senator from North Dakota handled it upon the floor of the Senate at that time. That was the second time that the Government had done this. In 1918 they authorized the taking over of \$100,000,000 of the bonds. If the Senator is going to offer a substitute, surely he should not make it less than \$100,000,000, the amount that the committee has thought wise to take over, so that it will not be a reduction below that figure. Whether his plan is better than the other plan or not I do not know. I think either of them would render a great service to the people; but let us not cut the amount lower than

that. I hope the Senator will make the amount in his plan \$100,000,000. Of course, if there is no need for it, it may be, as the Senator realizes, as in 1918, when the Congress authorized the Government to take over \$100,000,000, when it was necessary to take over only \$36,000,000. There were \$64,000,000 of bonds that it was not necessary to take over. It may be unnecessary, but let us keep the amount at least up to the figure that was reported by the committee that considered the matter and the amount reported also by the Committee on Agriculture.

Mr. McLEAN. We may not have all the confidence in the world in the Federal Farm Loan Board and the Secretary of the Treasury, but it does seem to me that their views are entitled to fair consideration by the Senate. From the information I get from that quarter, \$50,000,000 is enough. I do not like to agree to make it \$100,000,000. I do not see why we should overdo it and appropriate more than is necessary, because there is always a temptation to use it. In the present condition of the Treasury, if we appropriate all that is said to be necessary, certainly we can afford to stop there.

Mr. HARRISON. Of course, the Senator recognizes the fact that under the committee amendment they might spend only \$75,000,000 or \$80,000,000, but they are authorized to spend more if necessary.

Mr. McKELLAR. They might not spend \$10,000,000.

Mr. McLEAN. There is no evidence before the Senate that more than \$65,000,000 will be necessary.

Mr. HARRISON. The fact is, as the Senator knows, that the Federal Farm Loan Board has not functioned since the Supreme Court has been considering the pending case. There has been no activity upon the part of anybody to get farmers to make applications for loans. The farmers all over the country are anxious to obtain loans, but they have thought, because of the litigation pending, that it would be impossible for them to get them. Applications will flow in, and I do not think \$100,000,000 will be a drop in the bucket to take care of the proposition.

Mr. McLEAN. I ask unanimous consent that the amendment may be temporarily passed over.

Mr. WARREN. I wish to ask what that means, and if it means simply laying it aside? Of course, we can not lay it aside to wait for a court decision.

Mr. McLEAN. Oh, no; I mean for not more than half an hour or an hour.

The PRESIDING OFFICER (Mr. ROBINSON in the chair). The Senator from Connecticut asks unanimous consent that the pending amendment be temporarily passed over. Is there objection?

Mr. McKELLAR. I understand the Senator only wants to have it passed over for half an hour.

Mr. McLEAN. I do not think it will be necessary to postpone action for more than an hour.

The PRESIDING OFFICER. Is there objection?

Mr. HEFLIN. I object.

The PRESIDING OFFICER. Objection is made.

Mr. HARRISON. Mr. President, will not the Senator from Connecticut offer his substitute in the amount of \$100,000,000?

Mr. McLEAN. I do not think I am justified in taking the responsibility for that. It is for the Senate to decide. I have to act on my own judgment.

Mr. HARRISON. I understand that. The Senator is chairman of one of the big committees of the Senate. But here is the Committee on Appropriations which says that \$100,000,000 is needed, and here is the Committee on Agriculture and Forestry which says that \$100,000,000 is needed, and here was the Congress of 1918 authorizing the taking over of \$100,000,000 of the bonds, but they used only \$34,000,000 of them.

Mr. McLEAN. I think the Agricultural Committee recommends \$200,000,000.

Mr. HARRISON. One hundred million dollars for 1921 and \$100,000,000 for 1922. It looks to me as though we could almost have a love feast here if the Senator would make it \$100,000,000. Do I understand the Senator to say he will make it \$100,000,000?

Mr. McLEAN. No. I can merely repeat what I said. I am only one member of the committee and one member of the Senate, and I do not feel justified in assuming that responsibility.

Mr. HARRISON. Then, I move that the amount incorporated in the substitute be increased from \$80,000,000 to \$100,000,000.

The PRESIDING OFFICER. The Chair suggests to the Senator from Mississippi that that would be an amendment in the third degree. The pending amendment is the amendment offered by the Senator from Virginia [Mr. GLASS] and reported by the committee. To that amendment the Chair understands that the Senator from Connecticut has offered an amendment in the nature of a substitute. The suggestion of the Senator from

Mississippi is to amend the amendment of the Senator from Connecticut.

Mr. HARRISON. It would seem to me that the substitute could be perfected.

The PRESIDING OFFICER. But that would be an amendment in the third degree.

Mr. SIMMONS. Mr. President, I wish to make an inquiry. If the substitute is adopted, then can we amend the substitute or can we not?

The PRESIDING OFFICER. The substitute can not then be amended.

Mr. SIMMONS. Then we can amend it neither before nor after. Is that the way the matter stands?

The PRESIDING OFFICER. Under the parliamentary situation the Chair thinks the proposition of the Senator from Mississippi would be an amendment in the third degree.

Mr. SIMMONS. I understand. I was not suggesting to the contrary.

The PRESIDING OFFICER. However, if there be no objection, the Chair will entertain the amendment of the Senator from Mississippi. The Chair hears no objection. The Secretary will state the amendment offered by the Senator from Mississippi.

The ASSISTANT SECRETARY. Strike out "\$80,000,000" and insert in lieu thereof "\$100,000,000," so as to read:

There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000,000, to be immediately available, for the creation of a fund to be known as the farm-loan revolving fund.

Mr. UNDERWOOD. Mr. President, I shall detain the Senate but a moment. I intend to support the motion of the Senator from Mississippi, because I do not know which one of the proposals is going to be accepted. To my mind it is not very material which one is accepted. The real question is whether money to the extent of \$100,000,000 is going to be provided to take care of the distressed condition of agriculture in the United States at this time. I am sure that if we are going to reach the situation, \$100,000,000 is not sufficient. Of course, \$100,000,000 will be helpful, but it will not be enough to relieve the situation throughout the country, if we intend to relieve it all. Possibly we could not relieve it all without placing too severe a strain on the Treasury.

Mr. WARREN. Mr. President, will the Senator yield?

Mr. UNDERWOOD. Certainly.

Mr. WARREN. Does the Senator think it a good idea to have a revolving fund rather than to make a straight calculation and grant the straight liberty of using the fund and then letting it go back into the Treasury?

Mr. UNDERWOOD. Yes; I think it would be a fine thing to have a revolving fund, but in my judgment that is what we will have under either proposition.

Mr. WARREN. So far as the chairman of the committee is concerned, if we go into the revolving-fund proposition, generally speaking, we have not only lost control of pretty much all the appropriations, but we have lost all knowledge of expenditures under them.

Mr. GLASS. May I interrupt the Senator from Alabama?

Mr. UNDERWOOD. Certainly.

Mr. GLASS. The Senator does seem to appreciate exactly the difference between the two propositions. Suppose we should adopt the amendment of the Senator from Mississippi and increase the revolving fund to \$100,000,000. We would have \$100,000,000 of the Government money tied up for a period of 10 years when it might not be necessary at all; whereas, under the committee amendment, we would not have tied up a dollar more than is necessary. There is that difference between the revolving fund and the proposition as reported by committee.

Mr. UNDERWOOD. As I understand the matter, either would have the effect of a revolving fund. I think the Senator from Virginia is correct in the statement that if we adopt the amendment of the Senator from Connecticut we would have this money tied up for an indefinite time. If we adopt the proposal of the committee, the exigencies of the occasion will solve the problem. As I understand the law, the Federal Farm Loan Board will take the original capital and loan it to those who need it, and as soon as the loan is made they take the bonds, which are the basis of the loans, and sell them to get money to make new loans. The only reason why that practice has not been continued is because the constitutionality of certain features of the law has been threatened, and they can not sell their bonds until that question is determined.

I do not think they could accomplish the result under the proposal of the Senator from Connecticut unless the decision of the Supreme Court is in favor of the constitutionality of those tax-exempt bonds. If it is, undoubtedly the proposal of the committee would meet the situation, because as soon as the Su-

preme Court removed any challenge to the constitutionality of the bonds, the hundred million dollars of bonds could be sold time and time again by being loaned, the bonds sold for new loans, and the money loaned over again. I do not see that there is very much difference in the situation, except that I think, from the Government standpoint as well as the standpoint of those who want to borrow the money, the original proposition of the committee is the better one.

But what I rose specially to say is that there seems to be some misapprehension in the idea of how much money is needed. It is contended that the money is not needed, because the applications are not on file with the Federal Farm Loan Board. We all know that for months and months past the farm-loan organization has refused to send appraisers into the field to pass on pending applications for loans, because they said they did not have the money to advance if the applications were approved, which was a very proper decision from their standpoint not to encourage the man that he was going to get the money if they did not have it to lend. The reason why there have been less than \$100,000,000 of applications for the money is not because it is not needed, but because the organization of the Farm Loan Board has failed to send its inspectors and agents out into the field to pass on the applications that were already made.

Mr. President, I merely wish to add that we now have before the Senate the emergency tariff bill and the legislative, executive, and judicial appropriation bill. The emergency tariff bill comes here as a proposal to help the farmer; it proposes to levy hundreds of millions of dollars of taxes directly and indirectly on the American people. Perhaps I use the word "taxes" improperly, because possibly under a proper definition a tax would be something that goes into the Treasury; but I may say that the bill proposes to levy hundreds of millions of dollars of charges against the American people, and probably half of the amount collected will never go into the Federal Treasury by way of taxation, but will go into the pockets of some individuals as an aid to their particular interests. Why should we hesitate to take the action proposed in the case of the Federal Farm Loan System? What is the Federal Treasury? What is the basis of it? The Federal Treasury is not merely the money that happens to be lying in its vaults to-day; that would not last three months; the power of taxation behind the Government is the Federal Treasury. Why should we hesitate to-day to put a burden on the Treasury of \$100,000,000 in a direct and proper way for the benefit of the great mass of people engaged in agriculture, when the money must come from taxation in the end, and yet not hesitate in the case of the emergency tariff bill to impose from half a billion to a billion dollars of burden on the same people in an indirect way to accomplish the same result?

I think it is idle to make the argument that the Treasury can not stand it, because the Treasury means nothing but the power of the American people to stand taxation. When Senators are insisting on the passage of the emergency tariff bill, I do not think Congress ought to hesitate a moment to make the sum carried in the amendment \$100,000,000, so that whichever provision may be adopted we shall have the \$100,000,000. I am sure that that is not enough money with which to meet the present emergency. Of course, if the amendment of the Senator from Mississippi shall be adopted, I intend to support the committee amendment, as I think it will meet the situation more directly. It will not involve a change in existing law, but it will meet the emergency within the terms of the law without a change of the law. It will continue the existing system, and I think it is the better method; but, at any rate, whichever method is adopted, let the amount of money be the same.

Mr. GRONNA. Mr. President, the pending question is of such importance that I certainly shall not delay the proceedings of the Senate for more than a moment. As a member of the Committee on Appropriations I supported the amendment in committee, and I also supported a similar amendment in the Committee on Agriculture and Forestry. As I said a few moments ago, I prefer that the amendment should be attached to the legislative, executive, and judicial appropriation bill rather than to the Agricultural appropriation bill, although the amendment is now also embodied in the Agricultural bill, which is being prepared and will be reported in the course of a day or so.

When the Federal farm loan act was before this body and before the other body it was pretty thoroughly discussed, and, so far as my understanding was at that time, the law was passed for two purposes: First, to make it possible for the farmer to increase production. That would benefit everybody in the country. The other purpose was to make it possible for people with limited means to acquire small areas of land and to establish homes. I can see no possible purpose for which the Government could better afford to loan its credit. That is all this legislation



proposes to do. It is not proposed to appropriate money for the purpose of donating anything to anybody. We shall be simply underwriting certain securities, for every dollar of the loan will be paid back into the Treasury of the United States.

I shall support the amendment proposed by the Senator from Mississippi [Mr. HARRISON], because I do not believe that the fund should be less than \$100,000,000 for each of the years of 1921 and 1922. The Senator from Alabama [Mr. UNDERWOOD] has well illustrated how the proposed law would operate. If the Federal farm loan law had been permitted to function and the validity of the act had not been questioned there undoubtedly would have been sold several million dollars, perhaps, one or two hundred million dollars' worth of farm-loan bonds. Only the validity of certain features of the act were questioned. I do not wish it to be understood that the constitutionality of the entire act has been questioned.

It seems to me—and I am not saying this for the purpose of criticizing the court—that the case has been pending before the Supreme Court for a long time, probably for good reason, but the court has not yet been able to hand down its decision in the case. What has been the result? The Federal Farm Loan Board has been unable to function. I am not going to condemn the action of the board; perhaps it might have acted differently; perhaps it should have gone ahead and at least tried to dispose of the bonds, even at the higher rate of interest; but I believe it is our duty to-day to do what we can to relieve the situation.

So far as I am personally concerned, if the amendment of the Senator from Mississippi shall be adopted, while I am not opposed to the changes which are made in the amendment as proposed by the Senator from Connecticut [Mr. McLEAN], yet as a member of the Committee on Appropriations I shall be compelled to vote for the amendment proposed by the Senator from Virginia [Mr. GLASS], which is the committee amendment.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Mississippi [Mr. HARRISON] to the substitute proposed by the Senator from Connecticut [Mr. McLEAN] for the committee amendment.

Mr. HITCHCOCK. I ask that the proposed amendment to the amendment may be read.

The PRESIDING OFFICER. The amendment proposed by the Senator from Mississippi to the substitute proposed for the committee amendment will be read.

The ASSISTANT SECRETARY. In the substitute for the committee amendment proposed by the Senator from Connecticut [Mr. McLEAN] the Senator from Mississippi [Mr. HARRISON] proposes to strike out \$80,000,000 and make the sum \$100,000,000.

Mr. POMERENE. Will not the Secretary please read the amendment as it will read if amended.

The PRESIDING OFFICER. The Secretary will read as requested.

The ASSISTANT SECRETARY. So that, if amended, the proposed substitute would read:

There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$100,000,000, to be immediately available for the creation of a fund to be known as the farm loan revolving fund. Such fund shall, upon recommendation of the Federal Farm Loan Board, be invested by the Secretary of the Treasury from time to time as in his judgment occasion may require in the purchase from any Federal land bank of Federal farm-loan bonds, which shall be purchased at a price not exceeding par and accrued interest, and shall be subject to repurchase by the bank selling same or any other Federal land bank at any time at par and accrued interest, and the proceeds thereof shall be returned to the farm loan revolving fund, subject only to retirement as hereinafter provided.

The fund hereby created shall be retired as follows: Eight million dollars on the 1st of January, 1922, and a like amount the 30th of June each year thereafter until the same is fully retired.

Mr. FLETCHER. The amendment should be amended so as to read "\$10,000,000" instead of "\$8,000,000."

The ASSISTANT SECRETARY. The amendment continues:

Such retirement shall be by order of the Secretary of the Treasury covering the amount to be retired into the general funds of the Treasury.

Mr. WARREN. Mr. President, I understand the amendment is in lieu of the four paragraphs which are inserted in the bill as a committee amendment?

The PRESIDING OFFICER. It is intended to be in lieu of the committee amendment.

Mr. WARREN. Will the Secretary again read the part of the amendment to the committee amendment applying to the years 1921 and 1922?

The PRESIDING OFFICER. The Secretary will read as requested.

The Assistant Secretary read as follows:

Such fund shall, upon recommendation of the Federal Farm Loan Board, be invested by the Secretary of the Treasury from time to time as in his judgment occasion may require in the purchase from any Federal land bank of Federal farm-loan bonds, which shall be purchased at a price not exceeding par and accrued interest, and shall be

subject to repurchase by the bank selling same or any other Federal land bank at any time at par and accrued interest, and the proceeds thereof shall be returned to the farm loan revolving fund, subject only to retirement as hereinafter provided.

The fund hereby created shall be retired as follows:

Mr. WARREN. That is as far as I care to have the proposed amendment read.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Mississippi to the amendment of the Senator from Connecticut.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now recurs upon the amendment of the Senator from Connecticut [Mr. McLEAN], as amended, to the committee amendment.

Mr. HARRISON. Since the amount of the appropriation has been increased the installment payments should be enlarged to \$10,000,000, instead of \$8,000,000.

The PRESIDING OFFICER. Without objection, that modification will be made.

The ASSISTANT SECRETARY. It is proposed to modify the amendment so as to read:

The fund hereby created shall be retired as follows: Ten million dollars on the 1st of January, 1922, and a like amount on the 1st of January, each year thereafter until the same is fully retired.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the Senator from Connecticut, as amended.

The amendment as amended was rejected.

The PRESIDING OFFICER. The question now is upon the committee amendment.

Mr. SMOOT. Mr. President, in lines 2 and 3, page 46, I move to strike out "from time to time during the fiscal years ending June 30, 1921 and 1922, respectively," and insert "from the date of the passage of this act and until the end of the fiscal year ending June 30, 1922;" so that it will read:

The Secretary of the Treasury is hereby authorized from the date of the passage of this act and until the end of the fiscal year ending June 30, 1922, to purchase at par and accrued interest, with any funds in the Treasury not otherwise appropriated, from any Federal land bank, farm-loan bonds issued by such bank—

And so forth.

In other words, my amendment to the committee amendment is intended to make the appropriation an even \$100,000,000 instead of \$200,000,000, as the amendment provides.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 46, in the proposed amendment, on lines 2 and 3, it is proposed to strike out the words "from time to time during the fiscal years ending June 30, 1921 and 1922, respectively," and in lieu thereof to insert:

The date of the passage of this act and until the end of the fiscal year ending June 30, 1922.

Mr. SMITH of South Carolina. Mr. President, that simply means that if this sale of bonds is to run for two years it would be only \$50,000,000 for each year instead of \$100,000,000 for each year.

Mr. SMOOT. No; it means that there are \$100,000,000 authorized here, and that purchases can be made at any time from the passage of the act until June 30, 1922.

Mr. SMITH of South Carolina. Yes; but this provides that in the year 1921 there is \$100,000,000 authorized, and in the year 1922 there is \$100,000,000 authorized.

Mr. SMOOT. Certainly.

Mr. SMITH of South Carolina. And under the Senator's amendment it would be only \$100,000,000 for the two years.

Mr. SMOOT. It would be \$100,000,000 from the time of the passage of the act up to June 30, 1922.

Mr. SMITH of South Carolina. Precisely. That amounts to exactly what I said. It is \$100,000,000 in place of \$200,000,000 in the period of two years.

Mr. SMOOT. Yes; that is just what I said.

Mr. GLASS. Mr. President, the objection I would point out to the amendment proposed by the Senator from Utah is that in the event all of our expectations should be disappointed, and the Supreme Court should fall for another 14 months to render any decision in this case, we might have the same difficulty at the end of one year or at the end of 14 months that we have now. Should the Supreme Court render its decision, and should the decision itself invalidate the tax-exemption feature of the farm-loan land bank act, then Congress would be compelled, if it desired to continue this farm-loan land bank system, to enact some sort of legislation, if it could under the Constitution, to meet the objection of the Supreme Court, all of which would take time; and therefore we might encounter the very same embarrassment that we have now, and might have again to suspend the activities of the farm-loan system.

I am frank to say that it is my belief that the Supreme Court will not invalidate the tax-exemption feature as to the farm-

loan land banks. I think it may, and I hope it will, invalidate the tax-exemption feature as to the joint-stock land banks; and should that prove to be the case we will not need more than \$100,000,000. If the decision is promptly rendered, we may not need the \$100,000,000; but I do not think the amendment suggested by the Senator from Utah, if I may say so, is an improvement of the committee amendment.

Mr. SMOOT. Mr. President, my object is this: If the decision of the Supreme Court upholds the contention of those who are fighting the law, and holds that the tax-exemption feature of the Federal farm loan bonds is unconstitutional, all that Congress has to do if it wants to advance \$200,000,000 is to pass just such a law as we are passing now. I do not see why we have to provide clear to June 30, 1922. Congress will be in session continuously, and I have not the least doubt that if the Supreme Court of the United States decides adversely to the Federal farm loan act Congress will at once pass legislation correcting it.

Mr. GLASS. Why should it be put to the trouble of doing that? If the \$200,000,000 are not required, they will not be expended—or rather, the \$200,000,000 of credits, as the Senator from North Dakota described it. The money will not be used if it is not required. If it is required it should be used, and the farm loan banking system should not be practically wrecked again, as has been the case for the last 14 months.

Mr. SMOOT. It is not going to be wrecked. If \$100,000,000 is given to them for loaning between the passage of this act and June 30, 1922, they will not be compelled to loan up to June 30, 1921, \$100,000,000 and then another \$100,000,000 for the next succeeding year. If we advance \$100,000,000 and make it immediately available, there is not any question but that the Congress here in session, if the Treasury of the United States is in any condition to do it, can advance another \$100,000,000; and why should we not wait, and see what the situation is after the advancing of \$100,000,000? I do not know anything about what kind of a season the farmer will have this coming year. He may not need it, and there may be other demands made upon us that will be even more strenuous than the demand for \$100,000,000 additional for this purpose.

Mr. GLASS. If the farmer does not need it, he will not apply for it. If he does not apply for it, it will not be loaned.

Mr. SMOOT. The question of applying and the question of what is really needed are two entirely different propositions.

Mr. HITCHCOCK. Mr. President, the Senator from Utah assumes that the Secretary of the Treasury, without any regard to the condition of the Treasury and without any regard to the needs of the farmer, is going to use all of the money that is permitted under this bill. It seems to me that there is not any reason to assume such a thing. The Secretary of the Treasury is in better position than the Senator from Utah or any of us to judge what will be possible; and as this is merely authorizing the Secretary of the Treasury to do it, I can not see any reason why it should not be made \$200,000,000, or even more.

Mr. SMOOT. Make it a billion.

Mr. HITCHCOCK. I do not think there would be anything unreasonable in making it even more, as it is mere authority to the Secretary of the Treasury.

Mr. SMOOT. Make it two billion.

Mr. HITCHCOCK. The Senator from Utah says that there will be time; that there is no need of providing up to the end of the next fiscal year. There is no need of providing appropriations up to the end of the next fiscal year; but appropriation bills do cover from the end of this fiscal year until the end of the next fiscal year, and it is not always an easy matter to get the attention of Congress except when the appropriation bills are here.

Mr. SMOOT. Yes; I will say to the Senator that in the case of anything like this, where there is an emergency, Congress has never failed to act.

Mr. HITCHCOCK. I believe sincerely that this may not be needed. I have a strong hope that when the case emerges from the Supreme Court we will find that Congress was justified in making the bonds of the Federal land banks not subject to taxation; but the matter may be held in the Supreme Court for some time, and there is the possibility that the decision may be against the act, and Congress must meet that situation when it arises, and it might as well provide for it at the present time. Congress has gone on record as in favor of supplying this credit to the agricultural regions, and if the existing system is paralyzed we are breaking faith with the interests of the country for whose benefit it was provided, and if the act is finally destroyed by a decision of the Supreme Court Congress will be under an irresistible compulsion to provide a substitute for it, and that substitute probably will amount to the Government of

the United States affording all of the capital, instead of merely backing the credit of these banks.

I think we might as well provide in this bill as is already provided, for the full \$200,000,000 to be used between now and the next fiscal year, if necessary. If not necessary, they will not be used, and the bonds will find a natural market among the investing people of the United States.

Mr. SMOOT. I do not see why the Senator expresses any hope or faith or confidence that if we appropriate money it is not going to be expended or loaned in this case. It will be something unheard of in the history of the Government.

In all of our talk this morning the question has been in regard to the amount of \$100,000,000. Nobody mentioned \$200,000,000 until after the vote was taken on the substitute. I had no idea that the Senate was going to authorize \$200,000,000; and the authorization means, of course, that it will be used.

Mr. HITCHCOCK. It does not mean \$200,000,000 immediately, but it means \$200,000,000 between now and the next fiscal year.

Mr. SMOOT. Certainly; we know that.

Mr. HITCHCOCK. As a possibility; not as a surety.

Mr. SMOOT. We could appropriate long before the next fiscal year if we wanted to have another \$100,000,000, and we will know more about it at the end of the fiscal year.

Mr. HITCHCOCK. That argument, as I say, would apply to all appropriation bills.

Mr. SMOOT. Oh, no; it would not, because the appropriations can not be passed in a day or a week.

Mr. SWANSON. Mr. President, the Senator must remember that the fiscal year 1923 commences on the 1st of July, 1922, and after that date you would not have any money.

Mr. SMOOT. I am glad the Senator called my attention to that.

The PRESIDING OFFICER (Mr. POMERENE in the chair). The question is on the amendment proposed by the Senator from Utah [Mr. Smoot] to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the committee.

The amendment of the committee was agreed to.

Mr. STERLING. Mr. President, I send to the desk a notice, which I ask to have read.

The VICE PRESIDENT. The notice will be read.

The Assistant Secretary read as follows:

Mr. STERLING. I give notice that under Rule XL, I will move to suspend paragraph 3 of Rule XVI in order that I may propose to the bill (H. R. 15543) making appropriations for the legislative, executive, and judicial departments of the Government for the fiscal year ending June 30, 1922, the following amendment:

That the Secretary of the Treasury, in his discretion, may use not to exceed in the aggregate \$100,000,000 of the net earnings which shall be derived by the United States from the Federal reserve banks during the years 1921 and 1922, being the earnings accrued and accruing during the years 1920 and 1921, as hereinafter provided.

Immediately upon the receipt by the Treasury in 1921 of such net earnings for the year 1920, and the receipt in 1922 of such net earnings for the year 1921, the Secretary of the Treasury shall advise the Federal Farm Loan Board of the amount available for the purposes hereinafter designated, and the Federal Farm Loan Board shall thereupon immediately allot the same to the several Federal land bank districts in proportion to the needs of such districts for the purposes prescribed.

The sums so allotted to the several Federal land bank districts shall, upon the request of the Federal land bank of any district, approved by the Federal Farm Loan Board, be placed with such Federal land bank as financial agent of the Government of the United States to be used for the purpose of purchasing paper based on staple agricultural products or live stock.

Any Federal land bank as such financial agent may purchase, in the name of the Government of the United States, with the funds so deposited from banks within its district, whether members of the Federal Reserve System or not, paper based on staple agricultural products in the hands of the producer or on live stock according to regulations to be prescribed by the Federal Farm Loan Board.

No loan purchased under this act and based on agricultural products shall be for a period longer than nine months, and no loan based on live stock shall be for a period longer than two years.

No Federal land bank shall purchase from any bank, under the provisions of this act, paper in an amount greater than three times the capital and surplus of the selling bank, nor shall any paper be purchased from any bank located in a reserve city: *Provided*, That the loans to any one individual, firm, or corporation which may be purchased by any Federal land bank under the provisions of this act shall not exceed in the aggregate the sum of \$10,000.

All loans purchased under the provisions of this act shall be indorsed and guaranteed unconditionally by the bank selling the same to the Federal land bank.

Loans purchased under the provisions of this act shall bear interest at the rate of 6 per cent per annum payable in advance, if the loan be for a period of six months or less; if for a longer period than six months, payable semiannually in advance, but any borrower, under the provisions of this act, may be charged for the expenses incident to his loan a sum to be approved by the Federal Farm Loan Board, not exceeding an amount equal to 1 per cent per annum for the period of the loan, of which one-half of 1 per cent may be retained by the indorsing bank and one-half of 1 per cent by the Federal land bank making the loan.



No loan shall be purchased by any Federal land bank, under the provisions of this act, which exceeds 65 per cent of the cash value of the staple agricultural products or live stock by which such loan is secured.

Any paper purchased by any Federal land bank as herein authorized may be by such bank renewed or extended wholly or in part and the proceeds of any paper collected may be by the proper Federal land bank reinvested as herein authorized: *Provided*, That no paper shall be so renewed, nor shall any loan be so made as to create a maturity later than January 1, 1924.

The several Federal land banks shall so administer the trust as financial agents of the Government as to complete their transactions hereunder as near as may be by January 1, 1924, and shall forthwith thereafter account for and pay over to the Treasury all moneys collected, both principal and interest.

Such money when paid into the Treasury shall be subject to the uses prescribed by the second paragraph of section 7 of the act approved December 23, 1913, known as the Federal reserve act, for the net earnings derived by the United States from Federal reserve banks.

The VICE PRESIDENT. The notice will be entered.

Mr. CALDER. Mr. President, I give notice that after the committee amendments have been disposed of I shall offer an amendment, on page 46, at the end of line 21. I send the amendment to the desk and ask that it be read and laid on the table until the proper time to consider it.

The VICE PRESIDENT. The Secretary will read the amendment of which notice is given.

The ASSISTANT SECRETARY. The Senator from New York offers the following, to be inserted at the end of the committee amendment just agreed to, on page 46, line 21:

That paragraph (b) of section 213 of the revenue act of 1918 is hereby amended by adding thereto a new subdivision to read as follows:

"(9) The amount received by an individual as interest on an aggregate principal not to exceed \$40,000 of loans secured, under a mortgage or otherwise, solely by real estate, including farms, and upon bonds or other certificates of indebtedness of equal amount secured by or issued against such mortgage or mortgages."

#### NAVAL BUILDING PROGRAM.

Mr. BORAH. Mr. President, I will say to the chairman of the Committee on Appropriations, in charge of the legislative appropriation bill, that while I shall not discuss the matter which is immediately before the Senate, I think what I have to say is of sufficient importance to ask some time to present it at this time. I will be as brief as I may, in view of the importance of the subject.

A few days ago I offered a resolution, which was sent to the Committee on Naval Affairs, asking the view of that committee as to the practicability, and also the wisdom, of suspending our naval building program during the period of six months. The committee has now reported and the report is upon the desks of Senators.

I feel that this matter has another side to it than that which was presented by the committee, and that it is worthy of our consideration. It is a subject which we must deal with in a few days, when another appropriation bill comes before the Senate.

The question involved, Mr. President, in the resolution which I offered, had to do solely with the question of what constitutes a modern navy, an efficient navy. It did not relate to the question of disarmament, as covered by a previous resolution, but was confined solely to the other question, whether we are building a navy which, when completed, will in any sense be a modern fighting navy.

It is conceded that we are building the most expensive kind of a navy which we could possibly build. The question is, Is this expensive navy also an efficient navy? Unless ultimately we can arrange, through agreement, to curtail the expenses of naval armaments we shall want a thoroughly modern navy. If it should transpire that the most expensive navy is also the most inefficient navy, it would constitute a double crime upon the part of Congress to proceed with the program.

It would not only be an offense against the taxpayers of the country, but it would be a crime against the people of the country in purporting to give them security which it does not give. I am urging this suspension, therefore, both in the interest of economy and efficiency, both for the protection of the taxpayer and the protection of the country.

In other words, if we expend our means and do not receive our security, we have not only offended in the question of economy but we have offended against the even greater proposition of security. The resolution which I offered, and which went to the committee, was designed to draw from the committee a report based upon an investigation, which it was presumed would be somewhat complete, as to whether the Navy which we are now building is the kind of a navy which the best minds, the best thought, and the best judgment of the world now regard as an efficient navy.

I am frank to say, Mr. President, that I do not think we have given sufficient consideration to this question. In saying that I am not criticizing those who have studied it in the Navy

Department, but as a general proposition it has not been a subject sufficiently considered by the people of this country.

During the Great War Germany had enlisted in her submarine service altogether 10,000 men. Those 10,000 men, through the submarine warfare, in spite of the grand fleet, supported by the Navy of the United States and the navies of France and Italy, came very near winning the war and brought Great Britain to the verge of starvation.

Those figures, with the facts which are within the knowledge of all as to what they effectuated in the war, must impress upon everyone that there is a phase of modern naval warfare which needs to be considered in the matter of constructing a modern navy. In spite of the fact that the great navies of the world were in the service of the Allies, we must accept the proposition from the men who are in the naval service themselves that at one time these 10,000 men had brought the war near to a successful conclusion upon the part of Germany.

Mr. THOMAS. The Senator, of course, will not overlook the fact that the submarine menace was not overcome by battleships or by the battle fleet, but by new methods of counterattack advanced, which alone prevented the ultimate success of the German submarine campaign.

Mr. BORAH. The Senator is correct in his position.

Mr. FRANCE. I hope the Senator will not overlook the fact that but for the British fleet the German men-of-war could have bombarded English cities.

Mr. BORAH. I will not overlook any facts I can think of. However, I will cite the Senator from Maryland to some of the experts of the British Navy who take an entirely different view from that suggested by the Senator.

I want to say in the beginning, Mr. President, that as a layman, of course, I do not offer an opinion before this body as to what constitutes a modern navy. My only desire is to bring before the Senate, and to bring before the public, the views of those who entertain a different idea from that which prevails in our Committee on Naval Affairs. I do not assume to say that the different view is the correct view. Perhaps I ought to say, however, that I have an impression about it; but I am not here to offer an expert opinion, because I am not an expert upon the subject. I do want to call attention to a vast amount of information upon the subject from those who are qualified to speak, and who are justified in speaking, and who I believe speak in good faith.

England, Mr. President, appreciating the situation and knowing the effect of the submarine warfare, immediately upon the close of the war entered upon a thorough investigation of the entire question of what constitutes a modern navy, and to that end she suspended her building operations for the period of six months, and referred the entire question of what constitutes a modern navy to the committee upon imperial defense. Furthermore, she scrapped all her capital ships which were then in process of construction, and there has not been a capital ship laid down in England, or by England or France or Italy, since the close of the war. They were waiting on this investigation. What the investigation will finally determine is a thing which the future will disclose. What I desire was to have determined the question of whether it was practicable for us to suspend our building program for six months until we should have the benefit of the results of this investigation, and such investigation as we could and should make. It is a matter of the greatest moment and entitled to the most thorough investigation and the most impartial consideration.

We should be sure when we expend this vast amount of money which we are about to expend that it is so expended as to bring its return in security and in protection by a real, efficient, and modern navy. And, moreover, we should not put one dollar on the taxpayer which can be avoided.

When this suspension took place in Great Britain there immediately began a discussion between different members of the navy and upon the part of men who were not members of the navy, and that discussion has been going on now for several months. As a basis for my justification in taking the time of the Senate I wish to refer briefly to some of the discussion, principally for the purpose of getting it into the Record, that it may go along with the report of our Committee on Naval Affairs.

This is an article by Rear Admiral S. S. Hall, of the British Navy. He said:

Lord Jellicoe has told us that by reason of the submarine campaign in the last war we were "closer to ruin than we have been for 200 years." But even he has not told us how close we were.

Confidence in the capital ship, however, was badly shaken; how could it be otherwise when our grand fleet, supported by all the fleets of our allies, was impotent to help us whilst we hovered on the brink of disaster? Who can wonder if the public are bewildered at the thought of rebuilding such an armada when the cost of each unit has risen to at least eight millions?

Mr. THOMAS. Eight million pounds?

Mr. BORAH. Yes; 8,000,000 pounds, not dollars.

Indeed it is very much more, for they require a host of craft to assist and protect them.

They want to know more exactly what these leviathans are to be built for. To be told that they will win a naval battle, if they get one, is not sufficient, for we have just spent four years waiting for such a battle, and in the end won the war without it. It is time to make an examination of our naval experience in the last war, with particular reference to the future of the capital ship, and to show that in the full light of that experience a complete change is demanded in the composition of our fleet. I am sensible—

Said Admiral Hall—

of being about to tread on holy ground, for the sanctity of the quarter-deck is ingrained in all who have spent their life on it.

Further on he said:

The main purpose of our fleet was clearly defined in an Admiralty memorandum of 1910:

"The real serious danger that this country has to guard against in war is not invasion, but interruption of trade and destruction of our mercantile marine. \* \* \*

Which the grand fleet was wholly unable to do during the war.

The strength of our fleet is determined by what is necessary to protect our trade.

So ran this memorandum to the war office on the subject of invasion. It proceeded to point out the extreme difficulty of invasion at that time and concluded with the decision "that an invasion even on the moderate scale of 70,000 men is practically impossible." To carry out this main naval purpose, the strength of our fleet before the war was based upon what was known as the two-power standard, which meant that we were to be able to compete successfully with any two foreign navies. Then came the war, and we were fortunate enough to find ourselves not with a two-power standard, but with France and Russia immediately on our side, quickly followed by Japan and Italy and lastly by America. And yet we nearly suffered defeat from the attack on our trade.

It should be noted in passing that when we read that the grand fleet mastered the submarine menace, and the submarine did not materially affect the value of the capital ship, etc., statements are not founded upon fact. With the provision of about 100 destroyers and a great many other craft, the capital ships were certainly safer, but it should be remembered that they were not often at sea, and their defenses were never tested. The grand fleet was practically ignored altogether. In fact German submarines had very stringent orders not to attack men-of-war. On no occasion was the grand fleet subjected to a serious attack by submarines; the latter's sole objective was our mercantile marine.

It is my firm belief, and that of many others, that had Germany employed her submarine torpedo vessels against our surface war fleet and equipped a proper submarine cruiser fleet for a war on commerce, she would have won the war.

Mr. POINDEXTER. May I ask the Senator what that last authority was to which he referred?

Mr. BORAH. I was reading from Admiral Hall of the British Navy.

Mr. McCORMICK. Mr. President, may I ask the Senator a question?

Mr. BORAH. Certainly.

Mr. McCORMICK. What was Admiral Hall's command during the war?

Mr. BORAH. I do not know. It can easily be ascertained.

Mr. McCORMICK. Did he have a command?

Mr. BORAH. I do not know. Does the Senator know?

Mr. McCORMICK. No. I asked for information.

Mr. BORAH. I do not know what his command was. I am sure I can ascertain that. He was stating facts which I do not think can be disputed. We all know how we walked the floor for months and months and wondered what the grand fleet was doing. The German grand fleet would not come out to fight, and the English grand fleet would not go in after them and in the meantime England was being brought to the verge of disaster by 10,000 men in charge of submarines.

Mr. McCORMICK. I venture to answer that he expressed an opinion when he said that, in his judgment, if the Germans had organized a submarine fleet against the capital ships they would have won the war. That was not a statement of fact; it was a statement of opinion.

Mr. BORAH. It was a statement of opinion based on facts.

Mr. THOMAS. Mr. President—

Mr. BORAH. I yield to the Senator from Colorado.

Mr. THOMAS. Is the Senator familiar with the contributions on the war of Admiral Sims to the World's Work?

Mr. BORAH. Yes; I have read them.

Mr. THOMAS. The Senator will recall, perhaps, that he stated, and I think on more than one occasion in his contributions to the World's Work, that shortly after he himself went to England, having been sent there by the United States Government, he discovered the submarine menace to be quite as great, and the probability of its success quite as great, as has been outlined by Admiral Hall, and as was largely foreshadowed, although Admiral Sims does not say that, by the opinion of Sir Percy Scott, who is certainly an authority in admiralty circles in Great Britain.

Mr. BORAH. Yes. Sir Percy Scott has seen service and is an authority upon the subject, but I read from Sir Percy Scott pretty fully the other day. So I am not taking the time of the Senate to reread it, except one or two brief paragraphs.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. BORAH. I am happy to yield.

Mr. GERRY. Did I understand the Senator to say that the British Admiralty had not determined whether the capital ship was a necessity for naval warfare?

Mr. BORAH. As I recall, the navy itself, through its administrative officers, determined in favor of the capital ship, but the Government of Great Britain and the people of Great Britain were not willing to accept that conclusion, and therefore it was finally referred to the committee upon imperial defense, where it is to be thoroughly investigated, not by the navy alone, but by all who may have opinions with regard to it.

Mr. GERRY. I will say to the Senator that I called attention in some remarks I made last Wednesday to a statement of the first lord of the British Admiralty in explanation of the naval estimate for 1920 and 1921. In his opinion the capital ship remains the unit upon which sea power is built and that the late war has not shown that it is antiquated. Further than that, I quoted a statement from Admiral Von Scheer, right after the Battle of Jutland—

Mr. BORAH. Which statement of Von Scheer has been greatly modified since.

Mr. GERRY. Since Germany has no battleships and when it would undoubtedly be to her disadvantage for other nations to have them.

Mr. BORAH. I do not recall that Germany has any submarines either.

Mr. GERRY. It would be very much easier for Germany to build submarines than it would for her to build battleships.

Mr. BORAH. Not a particle easier under present conditions, because she can not spend \$40,000,000 any more than she can spend \$1,000,000. She has not either one and has not the authority to spend either. Does the Senator think Von Scheer has joined the propaganda to mislead us?

I read now from another article of Admiral Hall the following paragraph:

Repeating that our main naval purpose is to protect our trade, let us now examine the fitness of our present fleet to fulfill its object.

Is it supposed that our future enemy, whoever it may be, will be more obliging than our last, and that he will immediately come out to meet us in inferior strength? Why should he? If he does not, I would ask any reader to select any enemy he chooses and, if he ever visited Scapa during the war, to tell us how he proposes to keep open the lines of communication of such an armada as he saw there in the face of the opposition to be expected. I contend it would take another armada to do it, if it could be done at all.

To go further, will an advocate of the capital ship tell us what he will do with these vessels after he gets them abroad, even if he is granted a battle and wins it, observing that the main accomplishment of the purpose of our fleet—the protection of trade—has not even been commenced by anything he has done? The conclusion I reach is that in any naval war that can reasonably be forecast, capital ships can do nothing to assist in the protection of trade, either directly or indirectly. It is even worse, for by retaining whole flotillas of light cruisers and destroyers they actually retard any other measures that may be undertaken. They are also locking up large numbers of valuable officers and men, and in peace are liable to absorb the greatest part of the navy estimates.

That latter opinion, I think, we will all agree with—that capital ships will absorb the greatest proportion of the naval estimates. It costs \$40,000,000 now to build a capital ship, and that is more than we are appropriating for the entire subject of agriculture. It costs \$40,000,000 to build 1, and we are building 16. Then the program will be to spend millions more to build the fighting machines which we will have to have in order to protect our capital ships.

Mr. GERRY. Will the Senator yield again?

Mr. BORAH. Certainly.

Mr. GERRY. I think it is very clear that the reason why the British Navy are not building capital ships is on account of the expense and not because they believe they have outlived their usefulness.

Mr. BORAH. I have heard that stated before, and it may be that the Senator is correct. I do not know. I only know it is not the reason assigned. England is perfectly able to build and unless an agreement is reached England will build an adequate navy. Let no one be misled into the belief that England can not protect England. If we are entertaining such fatuous ideas, we are doomed to a sad awakening, an expensive awakening.

Mr. SMITH of Arizona. If the Senator will permit, for my own information I desire to ask him a question. Because of Great Britain's peculiar position and her small territory, so far as the British Isles are concerned, of necessity she must live on her commerce.

Mr. BORAH. Yes.



Mr. SMITH of Arizona. As to the protection the battleship affords to commerce, I have no doubt the correct view has been expressed; but as to a great self-supporting country which in the exigencies of a tremendous war can live on herself, I desire to ask whether or not the argument would apply as it does in the case of England, which must live on her trade?

Mr. BORAH. I will come to that in a few moments in connection with the views of another admiral. I now read, Mr. President, from Admiral Henderson, of the British Navy. He says:

The principles hitherto governing the use of the now-called capital ship no longer apply; they reached their maximum in the middle of the last century, when she had freedom of movement limited only by the weather, and a large radius of action limited only by her three-months' supply of fresh water. When all her displacement except the weight of hull, stores, crew, etc., and the comparatively small proportion required for sail propulsion, was devoted to great offensive power in a large armament. Since then, owing to the introduction of steam and armor and the gradual development of her antagonists, the torpedo, the submarine, the mine, the bomb, and the aerial torpedo—the powers of which will in the future be greatly increased—she has lost her mobility, her freedom of movement, her radius of action, and her comparatively great offensive power. She is now no longer supreme on the water; if she goes to sea, her main object is to protect herself; she can not move without defensive auxiliaries of all kinds. Greater and greater proportions of her displacement are being taken up in self-protection and defensive devices, and though her speed, which is one of them, has been increased, her cost is prohibitive. Battle fleets of opposing powers are necessarily confined to their bases, watching one another. The weaker fleet will never come out to seek destruction, and the naval work of a war will be carried out by smaller craft of all descriptions—we have had recent examples of this. \* \* \*

Judged by these considerations, the day of the capital ship as now conceived is over—

Mr. McCORMICK. Is the Senator from Idaho still reading from Admiral Hall?

Mr. BORAH. No; I am reading this extract from Admiral Henderson; and there are many more to hear from if time permits.

He proceeds:

And the cost of a new fleet with the necessary docks and facilities for maintaining it is beyond our present financial resources. To many it will appear inconceivable that temporarily we may become the third naval power, but the antidote to the capital ship will be so rapidly developed that the fact will be realized by others as well as ourselves, and it will not be wisdom to incur what will prove to be a useless expenditure.

Mr. BRANDEGEE. Mr. President—

Mr. BORAH. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. The Senator from Idaho seems to be reading from interviews with certain authorities as set forth in different newspapers. Will the Senator, when he comes to revise his remarks for the Record, put the names of the newspapers and the date of each paper in the Record, so that Senators who are interested may read these comments in full? The Senator is only putting in extracts, as I understand.

Mr. BORAH. I shall be very glad to do as the Senator suggests, and hereafter, I think, I shall call attention to the names of the papers and their dates, so as to meet his suggestion.

Mr. POINDEXTER. Will the Senator from Idaho kindly state from what paper he has just read?

Mr. BORAH. The article is from Admiral Henderson. It is printed in the London Times. I again read from the London Times of December 14, 1920, page 13, another article, by Admiral Hall:

I am well aware that this most disturbing question, the only serious objection to abolishing capital ships, can only be thoroughly answered by giving in detail a concrete situation. One critic has said that the real answer to the scrapping of capital ships is to imagine ourselves with nothing but submarines at the beginning of the last war.

That, I presume, was what the Senator from Maryland had in mind.

I have already said that in the then existing state of torpedo craft of all kinds the capital ships were good value, but what of the future? Even supposing we must now prepare for another war with Germany, is it conceivable that Germany will in the course of her preparation neglect to provide herself with a properly designed submarine fleet, manned by officers who are fit and disciplined, and not sent to sea to get sober? What will all the capital ships in existence do against such a menace? My reply is, nothing. The only answer is in aircraft and submarines.

Another reason given for retention of capital ships is that German submarines never sank a modern one. The *Audacious* was sunk by one, but this is beside the point. The real reason is that they never tried. On some occasions enemy submarines on passage to the trade routes were reported to and, possibly, seen by our capital ships, but they were never seriously attacked by them. It was strictly contrary to their orders to attack men-of-war. Admiral Sturdee tells us that the Falkland Islands battle shows us we must have surface vessels to protect our trade routes. Will he tell us what he would have done if Von Spee had submerged? Here is a concrete case at last. Would not the Falklands be better provided with submarines and aircraft? They, at any rate, might catch the future Von Spee on the surface. They could have reached these islands just as quickly as our battle cruisers, and they would not have required refuel on arrival. Again, what could 100 *Sydney*s have done if the *Emden* had been able to submerge? This is the real issue.

Finally, I claim that a naval policy based upon aircraft and submarines affords us the only hope of protecting our trade—the main purpose of our fleet. That such policy will save us many millions on other estimates besides the naval ones, and will insure us a reasonable hope of command of the air in the next war, without which all effort will be futile.

Mr. HITCHCOCK. Mr. President—

Mr. BORAH. I yield to the Senator.

Mr. HITCHCOCK. I was stuck by the extract which the Senator read from the remarks of Admiral Henderson to the effect that the British would soon be third, or might soon be third, in the matter of capital ships. Does the admiral enlarge upon that statement?

Mr. BORAH. No; I read all that he said.

Mr. HITCHCOCK. The Senator from Idaho assumes that he meant by that that both the United States and Japan would have a superior number of ships?

Mr. BORAH. Yes; I assume that from what he said.

Mr. HITCHCOCK. Has the Senator considered at all the argument that might be presented to the United States if Japan should become superior to Great Britain in capital ships, with all her ships on the Pacific coast; as to what effect it might have upon the American policy?

Mr. BORAH. No; I was not discussing that feature of it. I had not reflected upon that feature of it particularly. Does the Senator mean what effect it would have upon the American policy as to the kind of navy she should have?

Mr. HITCHCOCK. Yes; the Senator is calling attention to the fact that Great Britain apparently has adopted the policy of discontinuing the construction of capital ships. On the other hand, there is Japan, which is doubtless alert and progressive in connection with naval matters, and she appears to have adopted exactly the opposite policy. According to Admiral Henderson, and in accordance with the other information that is available, Japan seems to be entering upon a policy of constructing a fleet of capital ships larger even than the fleet of Great Britain, or as large.

Mr. BORAH. No; Japan's naval building program is not nearly so large as that of the United States. Of course, I do not know how it will compare with the program of Great Britain until Great Britain formulates her program; but Japan is building submarines and perfecting her airplane service also. While we hear considerable about the capital ships she is building, I am reliably informed from sources in Japan, though not official, of course, that they are availing themselves of the experience of the war in building submarines and airplanes and are not relying on battleships.

Mr. HITCHCOCK. Undoubtedly; but apparently the statement of Admiral Henderson, if taken at its full value, indicates that Japan, as well as the United States, will in a short time have a navy, as far as capital ships are concerned, superior to that of Great Britain. If that is true, the Japanese Navy is going to be in the Pacific Ocean while the Navy of the United States will be divided between the Pacific and the Atlantic. I merely inquire of the Senator whether or not that gives him any food for thought? I can easily appreciate the importance of what he says—that Great Britain evidently has serious doubts as to the value of capital ships; but the Senator from Arizona [Mr. SMITH] stated the truth when he said that there is a vast difference between the situation of Great Britain and the situation of the United States. The British Isles are absolutely dependent upon commerce; if their commerce is obstructed, they not only are subject to enormous losses by destruction, but if their commerce is impaired or if transportation is interfered with, the people of Great Britain are brought face to face with starvation; and war upon their commerce is, therefore, almost necessarily fatal.

The United States, on the other hand, sits here on the Western Hemisphere between two great oceans; it is practically self-sustaining, and no blockade of her ports could cause serious consequences. In the case of Great Britain everything has got to come down into very small and pinched seas, where the submarine can move with tremendous effect; but in the case of the United States, with her thousands of miles of seashore, the submarine is much less effective as an opposing agent.

Mr. BORAH. I see now what the Senator has in mind, and I am going in a very few moments to read from the view of a member of the American Navy upon that very question as to the defensive effect of submarines so far as the United States is concerned.

Mr. GERRY. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. GERRY. The Senator in reading from one of the articles he has quoted brought out the fact that no battleships had been attacked by submarines. In Von Scheer's private memo-

random to his own department he referred to an attempted attack on the *Marlborough* by a submarine. He states:

She was so well protected that it was impossible to get within firing distance of her. A torpedo was fired, but failed to reach its objective.

That was when the *Marlborough* was returning home, a crippled ship, after the Battle of Jutland, but even in that case it was impossible for a German submarine to sink her because of her screen of destroyers.

Mr. BORAH. That presents a difference of view which, I presume, would have to be finally adjusted in determining this question.

Mr. GERRY. I will say to the Senator that that is a question of fact.

Mr. BORAH. It may be a question of fact—I do not dispute that it may be such a question—but, upon the other hand, Admiral Hall stated a question of fact. Which one is correct I do not know.

Mr. GERRY. I am quoting an incident that took place after the Battle of Jutland.

Mr. BRANDEGEE. Mr. President—

Mr. BORAH. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Does the Senator from Idaho know that the Japanese Diet—if that is the name of their legislative body—decided to-day to go on with their naval program just as contemplated and estimated for?

Mr. BORAH. Does the Senator say they decided it to-day?

Mr. BRANDEGEE. Let me ask the Senator from Illinois [Mr. McCormick] whether I correctly understood him to say that the Japanese Diet had decided to-day to adhere to their naval program as previously contemplated by them? I understood him to say so, and I wondered whether I was correct.

Mr. MCCORMICK. Mr. President, I was planning to reply to the Senator from Idaho, however inadequately, when he had concluded, but since the Senator from Connecticut has asked about the action of the Japanese Diet, I can read the cable from Tokyo under the date of the 10th:

The House of Representatives to-day rejected, by a vote of 38 to 285, a resolution offered by Yukio Ozaki, former leader of the opposition party, proposing a curtailment of naval armaments. The entire Kokumin-to (nationalist) party and some independents favored the resolution, but the governmental Seiyu-kai and the Kensui-kai opposition party opposed it.

Mr. BORAH. I think that is a very splendid showing, considering that it comes from a militaristic Government. I have no doubt but that is what Japan proposes to do unless some agreement is reached; but I will say to the Senator from Connecticut that I am not discussing to-day the question of disarmament. I have not advocated that the United States shall disarm unless she can have an agreement with other naval powers to disarm. I am not proposing that the United States shall build an inefficient navy. What I am trying to get is the best minds of the country upon the question of what constitutes an efficient navy. If Japan is building and proposing to build, then, above all things, let us know how our money is being expended. Let us be sure we do not impoverish ourselves by building floating palaces which will serve us little in the hour of dire need.

Mr. MCCORMICK. Mr. President, although the best minds are now occupied in devising an association of nations, I would submit for their consideration the balance of the dispatch, that the Ozaki resolution requested Japan to communicate with the United States and Great Britain and decide on the best way to restrict naval programs in conjunction with those nations. It was that resolution which was voted down 285 to 38.

Mr. BORAH. All the more reason, if we have got to enter into a competitive building program with Japan, why we should know that we are not expending the money upon an obsolete navy. That is the whole question here. If I am in error as to my view upon the subject, undoubtedly we will proceed upon right lines and not upon erroneous lines; but I think it worth while to have before the Senate and the country the fact that men who were engaged in the war, who participated, like Admiral Scott, Lord Fisher, and men in our own Navy, have come to the conclusion that the capital ship is obsolete against the modern submarine and the airplane.

We also know that while Japan is building some capital ships, she is not building capital ships as we are, practically to the exclusion of everything else. I am aware that the building program includes some submarines, but by no means in proportion to the amount which we are expending upon capital ships. At the time we ordered these 16 capital ships built we did not have a single modern submarine in the Navy.

Mr. POMERENE. Mr. President—

Mr. BORAH. I yield.

Mr. POMERENE. Assuming that we are going on with the building program, what would the Senator suggest with reference to the proportions between capital ships and submarines?

Mr. BORAH. Since the Senator seeks my view, I will say this: I have not, as I said, been able to form much of an opinion of my own. But I have talked with a member of the American Navy, and it is his opinion there are six of these battleships that we could very well discontinue, and that it is his judgment the Navy would be much better off if we did discontinue them and take the \$300,000,000 which we are expending upon those six battleships and put it into submarines and airplanes. It is his opinion that if we should do that we would have a very much stronger navy with less money than we will have if we build the 16 battleships as now proposed.

Mr. MCCORMICK. Mr. President, may I interrupt the Senator at that point?

Mr. BORAH. Yes.

Mr. MCCORMICK. I take it that the Senator does not care to name the naval officer; but let me say to him that the admirals who appeared before the committee, including Admirals Sims and Fiske, gave it as their judgment that we should go on and complete the battleships of which the keels have been laid, including the *Massachusetts*, No. 54, of which only 5 per cent of the hull has been completed. We pressed them on that point because they advised us that the British Admiralty had ordered that those ships of which only 10 per cent of the keels had been completed should be abandoned.

Mr. POMERENE. Mr. President, will the Senator yield?

Mr. BORAH. Just a moment. I am perfectly aware that Admiral Sims and Admiral Fiske both stated that general conclusion, but no man can now take the testimony of Admiral Sims and Admiral Fiske before the House committee and not come to the conclusion that both of those men believed that in less than five years these capital ships will be absolutely obsolete.

I now yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, if I may be permitted to ask the Senator from Illinois a question, the Senator has just told us what these admirals said with respect to capital ships. What, if anything, did they say with reference to submarines?

Mr. MCCORMICK. They urged the committee to go on with the completion of the ships for which provision was made.

Mr. POMERENE. The capital ships?

Mr. MCCORMICK. All the ships. They pointed out that during the war submarines and destroyers had been built in great numbers. They proposed that inasmuch as the lighter ships had been increased during the war that part of the program which provided for additional smaller ships should be abandoned and the sum expended in building two airplane carriers, and finally they insisted that we should go on with a program for the construction of battle cruisers, the keels of which have been laid but upon which very little work has been done.

Mr. POMERENE. Does the Senator mean, by "smaller ships," submarines?

Mr. MCCORMICK. I mean the smaller ships of all categories.

Mr. BORAH. I am familiar with their testimony in a way. I have not been able to get the details of it yet; but while they did advise going ahead, and while I am not now saying that we should not go ahead—I shall have something to say about that later, when the naval appropriation bill comes along—I do say that an analysis of their testimony will disclose that they expect at no very distant day to see the entire naval warfare, so far as it is effective, carried on in the air and under the sea.

Mr. MCCORMICK. Mr. President, I can not draw that conclusion from their testimony before the Senate committee.

Mr. BORAH. I should like to ask if the testimony before the Senate committee was taken down?

Mr. MCCORMICK. Indubitably.

Mr. BORAH. Is it printed? I have been unable to get it.

Mr. THOMAS. Mr. President, I applied yesterday for a copy of the testimony, and I was informed that three typewritten copies only had been made, and that it had not been printed and that, being taken in executive session, it probably would not be printed.

Mr. BORAH. The reason why I asked the question was because I asked for a copy of it and was told that there were no copies to be had.

Mr. GERRY. Mr. President, if the Senator will yield, I think the attitude of the naval officers is that the 1916 building program should be carried out, and that in addition to that, if possible, airplane carriers and submarines should be built.

The other day I introduced an amendment to the naval appropriation bill authorizing the construction of four airplane carriers, because I agree with the Senator from Idaho that that is a branch of the service that we ought to develop. I also agree with him that we should further develop our submarine program; but until the airplane experiments can be properly carried out and properly developed, I do not believe that it is safe



to rely on that weapon alone and do away with the capital ships that we now propose to build.

Mr. BORAH. Mr. President, the Senator from Idaho has never suggested doing away with capital ships. That is the subject for investigation. The Senator from Idaho is now reading from those who do believe that they ought to be abandoned. I have not suggested it; but what I do say, what I have believed, and what I now believe is that it is the part of wisdom for us to stop our building program until we can know what we are expending this money for, and whether we should put more money in capital ships or less, more money in submarines or less, and how we should round out and make a whole, modern, effective fighting navy; because, Mr. President, I am just as certain in my own mind as that I stand here that unless an agreement is reached between the United States and the other great naval powers who are in competition with us it will as inevitably lead to war as the night follows the day. We had just as well be frank. Nothing is gained by lip silence when open competitive arming is going on. It always has resulted in war and it always will.

Mr. THOMAS. Or to bankruptcy.

Mr. BORAH. I am just as certain as that time goes on that within my time, if I live to the time allotted to Moses, there will be a war between this country and certain other countries with which we are now in competitive building, if we go on. I desire, therefore, first to make every possible effort by agreement to reduce and cut out this competitive naval building program. If that can not be done, I desire to have a navy that is in every sense a modern navy and an efficient navy. I want to see the people of these respective countries aroused to the fact that ahead of them, as a result of this arming, are misery, war, and bankruptcy; that they may force their Governments into understanding which will cut out this competition.

I now quote briefly from an article by Admiral Percy Scott, in which he says:

We are on the eve of declaring a new naval program. Let us not forget that the submarine and aeroplane have revolutionized naval warfare; that battleships on the ocean are in great danger; that when not on the ocean they must be in a hermetically sealed harbor; that you can not hide a fleet from the eye of the aeroplane; that enemies' submarines will come to our coasts and destroy everything. During the war the submarine dominated everything and very nearly lost us the war. It was only the Germans' want of forethought that saved us. With 50 more submarines—how little it would have cost them—they would have now been rulers of the world and we should have been a German colony. Our battleships and the German battleships were locked up for most of the war. The German admiral, Von Scheer, only saw the smoke of Jellicoe's fleet once; that was enough for him; he ran away as quickly as he could without doing any appreciable harm to Lord Jellicoe's ships.

I quote again from Rear Admiral Hall, who, I find, since the question was asked me, was, from 1915 to 1918, commodore in charge of the British submarine service. He says:

We had a grand fleet with a preponderance of force of nearly two to one over Germany alone and an auxiliary navy of about 5,000 vessels. We had the assistance of the American, French, Italian, and Japanese navies. We held the most favorable geographical position for a naval war that the atlas can furnish. And yet our main naval purpose, the protection of our trade, could not be carried out. These are the plain, sad facts of our naval experience in the last war. The late Lord Fisher had an uncanny habit of being always right in big things, and the writer holds that he was so in this, and the only remedy is in his words, "Scrap the lot and transfer the navy to the air."

I quote from another officer of the British Navy, whose name I am unable to give. But the article shows that he is an officer in the British Navy. He says:

In January, 1915, the British battle-cruiser force was in pursuit of an enemy battle-cruiser force. Every yard by which they could decrease the distance between the enemy and themselves was of vital importance, but they were forced by submarine menace to turn away, and so lose any real chance of accomplishing the destruction of the enemy. \* \* \* At Jutland the commander in chief, grand fleet, with considerable superiority in strength and tactical position, was forced to turn away by threat of attack by torpedo, and so lost touch with his enemy, which he did not afterwards regain. Thus for the second time attack by the capital ships by the superior force was foiled by torpedo attack by the weaker force; one British battleship was hit with torpedo on this occasion. Again on August 19, 1916, commander in chief, grand fleet, with superior forces, was for the second time in contact with the enemy and made the well-remembered signal, "I expect to be in action in a few moments and have every confidence as to the result." Immediately afterwards he was attacked by torpedo; two light cruisers were sunk; no battleships came into action, and within half an hour of the signal being made the battle fleet was steering for its base. On each of these three occasions the torpedo proved a sure parry for the gun attack of the capital ships.

And, finally, I want to quote what I understand to have been one of the last statements of Lord Fisher upon this important subject. Certainly no one will question Lord Fisher's right and ability to speak upon the matter. The statement was made on the 12th day of September, 1919, and published throughout the English press and in America:

Air fighting dominates the future war both by land and sea. It is not my business to discuss the land, but by sea the only way to avoid the air is to get under the water. That is why I keep emphasizing that the whole navy, as we have it now, has to be scrapped.

I do want to accentuate the fact that Lord Fisher, who was an acknowledged authority on naval affairs, declared publicly before his death that the thing to do was to scrap the capital ship and build submarines and airships. It can not be possible that the judgment of these men should be wholly ignored. In view of the fact that we now have \$24,000,000,000 of indebtedness, with \$4,000,000,000 annual expenses and \$2,000,000,000 of deficit, it is not an unwise thing to know that every single dollar that you take out of the Treasury counts, and that it should not be taken out of the Treasury unless it is absolutely necessary for our safety and our protection. What I complain of is that there has never been, from the close of the war until this hour, any real investigation at all of this question.

Now, a word or two from closer home. I had expected to say something upon the testimony of Admiral Sims and Admiral Fiske, but I am going to wait until I can get the testimony in detail; and I should like very much to have the testimony taken before the Naval Affairs Committee of the Senate, because it must be very conclusive.

Mr. POINDEXTER. I would say to the Senator from Idaho that I think that testimony is available. Some of it, however, is regarded as of a very confidential nature, at least by the department or by the committee, and for that reason it was considered inadvisable to print it. But it is available to the Senator. I only know of one or two copies, but I can assist the Senator in getting access to it.

Mr. BORAH. I thank the Senator. Mr. President, I am going to quote now from statements of officers of the American Navy. I am not going to give their names at this time, but I will say that if the Committee on Naval Affairs will call them they can have the names any time they want them.

The first gentleman I desire to quote says:

If we stop work on six dreadnaughts and six battle cruisers—and there is no question as to the wisdom of doing so—we may save \$300,000,000 outright, or we will save at least half that sum in being able to convert these ships into other types that we will need. \* \* \* We could, in my opinion, safely stop all building for six months or a year until we find out "where we are at."

He further says:

I will stake my life that in one year from now it will be admitted that a surface navy alone can go nowhere but down; if it should by any chance get anywhere it can do nothing but sink.

Mr. STERLING. May I ask the Senator from Idaho from whom he reads now?

Mr. BORAH. I said I was reading the statement of an admiral retired in the Navy. I also said that his name was at the service of the Naval Affairs Committee if they desired to call him.

Mr. POINDEXTER. Is he on the active list?

Mr. BORAH. No; I do not think so. I think he is retired. This same authority said:

The United States can never be successfully attacked in the future by any power or any combination of powers from overseas. The danger from invasion is no more. This is not an extreme statement. We may dismiss this thought from our minds, provided we maintain and properly utilize submarines, mines, and torpedoes. These defensive elements—all of them comparatively cheap—give us great—if not complete—immunity from successful attack by a foreign power. \* \* \*

We are absolutely safe from aggression. We can not be invaded. \* \* \* It remains, therefore, to decide whether or not we ourselves are to be aggressive hereafter, and to what extent we consider it incumbent upon us to be aggressive for the protection of our commerce and to secure forceful influence in foreign affairs. Manifestly we can, if we choose, be very economical, reduce taxation, and greatly curtail appropriation for offensive warfare. It is a question for the people to decide.

Mr. President, I ask leave to insert entire certain printed matter. I desire to say that I am informed these articles were written by one who has seen long service in the Navy and who has been an earnest student of these questions.

The matter referred to is as follows:

#### FUTURE NAVAL WARFARE.

[By Quarterdeck.]

The nation that first solves the problem of future naval warfare will not only save billions of dollars but will most surely safeguard itself. We should act at once.

Thinking men in all navies are alive to the fact that a revolution, more or less complete, in naval architecture is sure to come in the not very distant future.

#### CHANGES IN SHIP DESIGN.

There are three principal elements conspiring directly to force a change in the design of fighting ships:

1. Aviation—land and sea planes.
2. The development of the submarine and submarine mines.
3. The perfection of the torpedo plane.

It is not sensationalism, it is in line with plain common sense, to predict that these three factors, previously somewhat undeveloped but now being perfected in their offensive deadliness, are sounding the ultimate doom of the \$40,000,000 superdreadnaught. We may soon be forced, for economical as well as military reasons, to resort to smaller and cheaper battleships, turtleback ships, or submersibles—ships that will be less vulnerable to attack by immense charges of high explosives discharged from the air above and from the sea below.

In making these predictions we must avoid extreme statements and rabid recommendations. We must admit that at present the super-

dreadnaught is the embodiment of sea power. We can not scrap all our dreadnaughts now, but we may very wisely doubt the advisability of building or designing any more of these very expensive ships if we already have enough to meet any probable enemy upon the sea. Pending the development of the bombing and the torpedo plane we must retain the dreadnaught. This is reasonable.

On the other hand, we can meet the argument of those who say that bombing is inaccurate and that the torpedo plane is a dream by predicting that bombing and the torpedo plane will soon become accurate and deadly. Bombs are not fully developed. We may expect the invention of a combined contact bomb and depth charge or mine carrying an enormous charge. If it does not hit the ship, it will land in the water and act as a mine. Imagine a large force of airplanes placing a barrage of such mines around a fleet, particularly at dawn or twilight, when the planes can not be easily fought off. They may not even attempt to get very close or to score a direct hit. Will an admiral gladly conduct a fleet through a sea planted thickly with such mines? The time has come to "stop, look, and listen." Air navigation, bombing, mines, and torpedoes are in their infancy. We must anticipate the improvements of the immediate future in view of the astonishing developments since the armistice.

#### FUTURE SEA POWER.

Sea power will continue to exercise the same powerful influence in the future as in the past. But it must be plain to the most casual student that sea power, as expressed in present types of ships, must be allied with air power hereafter. Sea power can not exist alone. The fleet composed of present types, no matter how powerful, must be safe from above. The fleet must at all times control—completely control—the air above itself. When the fleet loses control of the air above it can not long exist, unless, of course, the future ship is made invulnerable from air attack. In other words, a revolution in ship design—nothing else—can make sea power again supreme. Sea power can not defy air power unless the design of the fighting ship is radically changed.

The full influence of air power upon future warfare—ashore and afloat—has not been properly emphasized. It is astonishing that so little attention has been given to this subject.

#### THE DOMINATION OF AIR POWER.

We have asserted that air power will inevitably force a change in battleship design; but this is not all. Is it not clear that air power will absolutely forbid the transportation of great armies overseas in the future? Can a fleet of defenseless transports, loaded with thousands of men, ignore a rain of bombs, and approach a coast and land these men in safety? It is evident, even to a schoolboy, that this can not be done unless the transporting fleet completely and constantly controls the air above itself. And it must be equally evident that the attacking fleet—no matter if conveyed by an overwhelming force of battleships—can not carry with it across the Atlantic or the Pacific a sufficient force of airplanes to retain control of the air against a defensive nation which possesses an adequate air force.

The nation attacked, therefore, has a controlling advantage and can easily mobilize an air force sufficient to overwhelm the force of airplanes that can be transported overseas. Tons of high explosives will be dropped upon unprotected decks, and a deadly barrage of mines will be planted in the paths of helpless transports. They can not live.

#### AIR POWER PREVENTS WAR.

It would seem, therefore, that air power alone will tend to prevent, or discourage, war between nations that are separated by thousands of miles of sea. And if we stop to consider the fact that the defensive nation can bring mines, submarines, and torpedo planes to assist its bombing air force against an attacking fleet of transports, does it not appear almost impossible for nations to wage war overseas with great armies hereafter? Surely we may say that coast defense in the future will be comparatively easy. It will be practically impossible for one nation to successfully attack the coast of another nation.

We have asserted that air power, especially when allied with mines, submarines, and torpedo planes, will inevitably revolutionize battleship design and prevent the transportation of large armies overseas hereafter. In short, sea power will be dependent upon air power.

Granting this, we see that the defensive is greatly strengthened and the offensive is greatly embarrassed in war overseas. It follows, logically, that the defense of our outlying possessions—the Philippines, Guam, the Hawaiian Islands, Porto Rico—will be much easier. A strong air force, allied with submarines, torpedo planes, mines, and torpedoes may suffice, unaided by a fleet, to at least hold off an attack if not completely defeat a hostile fleet.

#### HOME DEFENSE.

The United States can never be successfully attacked in the future by any power or any combination of powers from overseas. The danger from invasion is no more. This is not an extreme statement. We may dismiss this thought from our minds, provided we maintain and properly utilize submarines, mines, and torpedoes. These defensive elements—all of them comparatively cheap—give us great, if not complete, immunity from successful attack by a foreign power.

Inasmuch as the defensive policy is so simplified and strengthened for the United States in the future, we have only to think of the offensive. And the consideration of the offensive elements in future warfare overseas as far as the United States is concerned and the appropriations by Congress for offensive purposes hereafter must be governed by our national policy. We are absolutely safe from aggression. We can not be invaded. League of Nations or no League of Nations, it matters not. It remains, therefore, to decide whether or not we ourselves are to be aggressive hereafter and to what extent we consider it incumbent upon us to be aggressive for the protection of our commerce and to secure forceful influence in foreign affairs. Manifestly we can, if we choose, be very economical, reduce taxation, and greatly curtail appropriation for offensive warfare. It is a question for the people to decide.

Preparedness is as important as ever. Preparedness for defense is much easier than ever before in our history. Preparedness for offense, if we are to attack overseas, is more difficult than in the past. New elements have greatly changed the material, the strategy, and the tactics of the offensive overseas.

#### FREE SPEECH IN THE NAVY.

It behooves the United States, as never before, to give this subject immediate and intelligent consideration. We may save billions of money and relieve a sorely taxed people if we encourage experts, inventors, skilled strategists, and zealous officers of the Army and Navy to concentrate upon this subject. Discussion must be welcomed. Suggestions and criticisms must be invited. The Navy Department and the War Department as well must set officers free from the throttling and muzzling

policy of the past, and permit ability, intelligence, and loyalty to express themselves. Personal servility and subservience to individuals, whether civil or military, must not be demanded of Army and naval officers. Such policies defeat preparedness. Such policies put mediocrity at the helm in the Navy. A violent change is demanded right now. The stifling of respectful free speech in the Army and Navy should not be tolerated in the future. In this Great Britain shows us the way. Her officers are not smothered professionally. Her policy in this respect spells freedom, not autocracy. The days of czars and kaisers are past—even in the United States. We need an adequate Navy, always up to date, always ready for battle—not some of the time, but all of the time; every minute of the time.

Mr. BORAH. I gave the Naval Affairs Committee the name of Capt. Hart, but I understood Capt. Hart was not available, and he was not called.

Mr. POINDEXTER. He was in Guantanamo, and as long as we had the testimony of three or four other gentlemen whose names the Senator suggested we thought that was sufficient.

Mr. BORAH. I am not criticizing. I understood he was not available.

Mr. KING. I did not hear all the statement of the Senator from Washington, but I asked the committee—and I do not think it is executive—if a certain admiral has been called to give testimony relative to this matter, and I understood from some member of the committee that he had testified before the House committee. Upon examination of the record I discovered the fact that he was not called in the House. I regret that, because I am sure his testimony would have been very illuminating upon this subject.

Mr. POINDEXTER. I think the Senator was misinformed in regard to that. I think he refers to Admiral Fullam.

Mr. KING. I am referring now to Admiral Fullam.

Mr. POINDEXTER. My information is that he gave testimony before the House committee upon this subject, and I assume that his testimony is available. At the time the Senate committee undertook to get him, we were informed that he was on the witness stand before the House committee, and when we afterwards, the second time, undertook to secure his attendance we found that he had returned to New York, and concluded that, in view of the fact that he had given his testimony, it would not be necessary to send for him.

Mr. KING. I asked for the hearings before the House committee, and in those hearings which were transmitted to me the name of Admiral Fullam does not appear, and I do not think he testified over there. I am sure that neither House has had the benefit of his wide experience.

Mr. POINDEXTER. The Senator is mistaken, I think. I think I can get his testimony for him.

Mr. BORAH. I think the Senator from Utah is correct. I do not think Admiral Fullam has testified. I understood from the Senator from Utah that he had testified, and I asked for his testimony and was unable to secure it. I hope, however, that we are in error and that we will have his testimony, because I think it would be illuminating.

Mr. BRANDEGEE. Did the authority last reported by the Senator from Idaho, which, as I heard it, merely confined itself to the susceptibility of this country to invasion, discuss the question whether our commerce could be maintained on the seas and whether our insular possessions could be safely held with simply submarines and bombs from airships? Did he touch upon the points I have suggested?

Mr. BORAH. He has covered those points; but I did not read what he said regarding them, because I have asked leave to insert the article in the Record. I am going to insert a number of these statements in the Record, because I do not want to take the time to read them, and I know Senators will read them as soon as they have an opportunity to do so.

This authority from whom I quoted a moment ago says:

When Admiral Sims went to England in April, 1917, he immediately reported that the German U-boats were winning the war. In this he was backed by the late Ambassador Page and by Admiral Jellicoe, who admitted that England could not go on unless the submarine was conquered. The grand fleet was intact. The German cruisers had been driven from the sea. The German fleet was bottled up. The navies of France, Italy, and Japan were helping out the grand fleet. About 4,000 anti-submarine craft were hard at work chasing submarines. And yet England was facing starvation. Let these facts penetrate our brains at the beginning of this review. Capt. Hart estimates that not more than 10,000 officers and men of the German Navy were employed throughout the war in their submarine fleet. As a rule not more than 30 German submarines, manned by about 1,500 men, were at sea at any one time in the war. And let us remember that against these 10,000 men the personnel of the navies of Italy, Japan, and the United States, numbering, all told, more than 1,000,000 men, were arrayed. Furthermore, against these 30 U-boats and 1,500 Germans 400 small craft were busily searching the seas every hour of the day.

These 10,000 men came very near winning the war, starving England, and overcoming the combined fleets of Great Britain, Japan, the United States, Italy, and France.

If I may make my position clear again, it is that this reveals a condition which makes it absolutely incumbent upon us to know in what proportion we should expend our money for capi-



tal ships, for submarines, for aircraft, and for those things which constitute in the minds of these men the best modern fighting navy, and what I suggested was a suspension of the building program for six months.

Mr. THOMAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I yield.

Mr. THOMAS. The Senator will recall that the constructors and the advocates of the League of Nations declared that an enormous navy was the alternative to the scheme. Those gentlemen are now very largely engaged in advocacy of the present naval program. Not only so, but many of them contend that it is the duty of the United States to provide itself with the greatest navy in the world. Does the Senator see any connection between that attitude and the possible desire to force that program for the purpose of changing the sentiment of the American people and thus securing hereafter our ultimate entrance into the League of Nations?

Mr. BORAH. The suggestion is a good one, but I will not follow it up, because it would lead to a discussion which would take the rest of the afternoon.

Mr. THOMAS. If the Senator will permit me, there seems to have been a complete change of opinion on the part of some distinguished gentlemen regarding our need for an enormous navy, for I recall very distinctly that in the days when I was opposing the expansion of the Navy beyond what seemed to me to be good limits those gentlemen were in sympathy with me, or, to put it more modestly, I was in sympathy with them. But they now seem to be among the loudest, most strident advocates of an enormous naval program.

Mr. BORAH. Yes; I have observed that. Mr. President, I have read to-day from the statements of several members of the British Navy; and that suggests another proposition which has been circulated throughout the country, that Great Britain is actually engaged in propaganda to prevent us building capital ships; that that propaganda has the indorsement of the British Navy, the British ministry, the British people, and the British press. Discount therefore is to be placed upon the views of the members of the British Navy. This, it is said, is because Great Britain can not build capital ships—has not the means. She therefore, it is said, is actually engaged in a propaganda—circulating the news throughout this country that they are obsolete—in order to discourage us from building those ships.

Not only that, Mr. President, but the information is put out to the country that the facts and the proof as to the propaganda of the British Navy and the British Government are now in the possession of the Navy Department at Washington. If that is true, Mr. President, that is one of the grounds on which we went to war with Germany—that they were actually interfering with our program of preparedness; that they were engaged in propaganda which was to mislead the judgment of the American people as to the necessity of preparedness.

If the information to this effect is in the hands of the Navy Department, the Congress of the United States and the people of the United States are entitled to have it. This is no time for secrets. The people were fed on falsehoods and denied information for a quarter of a century prior to 1914, and we know the result. So far as I am concerned I shall adopt a different course for the future and as fully as within me lies I shall force the facts to the public.

We are informed that the British ambassador is on his way here for the purpose of proposing a scheme of disarmament, and at the same time we are informed that here in the archives of the Navy Department is conclusive proof that the British Government is engaged in the preparation of false facts for the purpose of accomplishing a false end. I read a paragraph from an article published a few days ago in the Washington Post:

The British Admiralty has been, and still is, conducting a very active campaign to prevent, if possible, the completion of the American 1916 program of 10 battleships and 6 battle cruisers. Reliable information to this effect has been received from officers of the United States Navy whose business it is to keep the Navy Department constantly advised of what is transpiring in foreign countries and to warn the Government against legitimate but misleading attempts of foreign naval authorities to discourage plans which would increase the value of the American Navy in proportion to their own.

According to one ranking officer here, reports from abroad may be summarized as follows:

"The British do not want us to finish those ships, because it will put the United States on an equal footing in battleships. Attempts to minimize the value of capital ships, especially battleships, must be viewed as part of this carefully planned propaganda."

I should like to ask the Committee on Naval Affairs if they undertook to investigate that feature?

Mr. POINDEXTER. What feature was that?

Mr. BORAH. As to whether the Navy Department has any evidence of propaganda being carried on by the navy of Great

Britain and by the Government of Great Britain to mislead us as to the building of capital ships.

Mr. POINDEXTER. There was some testimony on that subject, but the committee were not of the opinion that it ought to be published. It is accessible to the Senator.

Mr. BORAH. If the Senator gets it, it will be accessible to the public.

Mr. POINDEXTER. I have not anything to say about what the Senator does with information that he obtains. That is for him to determine.

Mr. BORAH. I would not receive that kind of information if I could not give it to the people of the country, who have to pay the taxes and suffer in the event war comes.

Mr. POINDEXTER. That is equivalent to saying that any information we get as to our international relations ought to be given to the public. My opinion is that the publication of information of that kind sometimes creates international difficulties that otherwise might be obviated. I do not agree with the Senator in his conclusion; but of course that is a matter for him to determine.

Mr. BORAH. I can imagine such a condition, but here is a different situation. We are supposed to be upon the friendliest relations with Great Britain. She is indebted to us billions of dollars. We are forgiving or rather refusing to collect the interest. Our relations are supposed to be the friendliest. The people of this country are told day after day that they are of the friendliest. Now, I am told that in the possession of the Navy Department here is evidence that Great Britain is not only unfriendly but actually engaged in circulating false propaganda throughout this country for the purpose of misleading the American people as to the necessity for preparedness or building a naval program.

I say that that kind of evidence under no theory of secrecy in secret diplomacy ought to be withheld from the people. My own opinion is that it is not there. I can not conceive of such a condition of affairs. My own opinion is that the facts are not to be had, but if the Naval Committee has not got them, then it should get them. It is nothing less than startling that we should ignore this statement which was accredited to an officer of our Navy.

Mr. KING. Mr. President—

Mr. BORAH. I yield to the Senator from Utah.

Mr. KING. If the naval authorities and the British Government, as the result of the war and their investigations, reached the conclusion that there ought to be modifications of their program with respect to capital ships and that capital ships were not as important in naval warfare as in the past we have believed them to be, would the Senator regard it as an unfriendly act if their conclusions based upon their judgment were furnished to the American people or to the people of any other country? On the contrary, does not the Senator think it would be an act of friendliness?

Mr. BORAH. I do. I am not complaining of presenting the facts. This statement is to the effect that they are sending out statements which are not true, and that they are for the purpose of misleading.

Mr. POINDEXTER. I wish to say, regarding the matter just spoken of by the Senator from Utah, that it has been published and included in the report which the resolution of the Senator from Idaho, that was adopted by the Senate, instructed the Senate committee to make. The resolution of the Senator was mandatory in form, and instructed the committee to make a report of what its opinion was upon certain questions, and included in that report, which was published and is accessible to everybody, is the information which the Senator from Utah refers to in his question as to whether it would be an unfriendly act to publish it. The information is that the British Navy has not abandoned the battleship; but, on the contrary, emphasizes the fact that the battleship is the backbone of the British fleet.

Mr. BORAH. The navy itself has come to that conclusion, but the British Government refused to accept the conclusion.

Mr. POINDEXTER. I think that the Senator is somewhat mistaken about that. There is quoted in the report the most authoritative expression that it is possible to obtain from the British Government, and that is the speech of the first lord of the Admiralty in presenting the naval bill to the House of Commons.

Mr. BORAH. I am perfectly aware, and the Senator is also aware, of the fact that after that speech was made the entire question was referred to the committee upon imperial defense, and there it is for investigation.

Mr. POINDEXTER. That is not different in any way from what the United States has done, or at least the Senate has done, at the instance of the Senator from Idaho. They referred

the question to the Committee on Naval Affairs of the Senate, but that is no evidence of having abandoned the battleship.

Mr. BORAH. But here is the difference: The Government of Great Britain suspended building operations for six months, and in the meantime referred the question to the committee on imperial defense for investigation. There it remains for six months, notwithstanding the fact that the navy decided that the capital ship was the backbone of the navy.

Mr. POINDEXTER. I do not desire to interrupt the Senator too much, but—

Mr. BORAH. I have no objection to interruptions.

Mr. POINDEXTER. The British battleship line is about double in strength that of any other nation at this time, so they could well afford to suspend additional construction.

Mr. BORAH. The British battleship line is not by any means double so far as modern ships are concerned. The battleships of Great Britain, in view of the Battle of Jutland, are not regarded as an effective navy at all.

Mr. BRANDEGEE. Will the Senator pardon an interruption?

Mr. BORAH. Certainly.

Mr. BRANDEGEE. Apropos of what the Senator from Washington said as to the British being able to afford reduction or suspension of construction at the present time, I would call his attention to the fact that the papers of this city of last evening stated that the ambassador of Great Britain to this country, who has been back in England for some weeks, is now returning to this country with the idea of obtaining or accomplishing what is called "a closer understanding" between Great Britain and America. I do not know what is intended to be meant by the words "a closer understanding," which are usually put in quotation marks. The papers further stated that unless that understanding could be obtained Great Britain would not be willing to curtail her naval construction.

However, I myself do not suppose that the statement is reliable, any more than the statement which the Senator from Idaho has quoted as to Great Britain engaging in a campaign of deception in this country with a view of misleading us as to the completion of our naval program. The papers say anything they have a mind to. I doubt if either one of the statements is based on facts. As for myself I should dislike to think that it was, especially the statement which the Senator from Idaho quotes, because, as he suggests, if that were true it would seem to be as nefarious a breach of international courtesy and as insidious and inimical campaign against the best interests of this country as the proceedings that German diplomatic officials were alleged to have indulged in here before we entered the war against that Government and for which we had to put them out of the country.

Mr. BORAH. A great deal has been said, since the discussion as to the modern navy began, to the effect that Great Britain has ceased to build capital ships because she is not able to build them. If anyone supposes that Great Britain has come out of this war unable to build a navy sufficient and efficient to take care of the interests of Great Britain, I think they are greatly in error. Great Britain was never so strong in her history as she is to-day. The only real competitor that she has in commerce and in naval affairs in Europe has passed out, and she is in control of her colonies and, to a large extent, taking possession of her commerce and her business. As has been said, she is more completely in control of the seas, as to commerce and from the standpoint of naval strategy, than she has been since the days of Henry VIII.

Mr. POINDEXTER. Mr. President—

Mr. BORAH. I yield.

Mr. POINDEXTER. Without going into the question at all, but just in connection with the question which the Senator raised a moment ago as to the strength of the British Navy in battleships, I would say that the United States has 81 battleships of a total tonnage of 611,000 tons, and Great Britain has 51 battleships of a total tonnage of 1,640,000 tons. Seventeen of the latest and greatest of British battleships have been built by her since she entered the war with Germany.

Mr. BORAH. She has built no battleships since the Battle of Jutland.

Mr. POINDEXTER. But she has launched quite a number since that time. In 1916 she launched six and in 1917 she launched one battleship.

Mr. KING. Will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. KING. Many of the ships of the 51 to which the Senator from Washington refers are obsolete. They were constructed many years ago and the types have clearly been disapproved by the experiences of the recent war. The six to which the Senator refers were launched before the experiences of the recent

war had demonstrated the vulnerability of battleships and the superiority of other means of naval attack that have been developed.

Mr. POINDEXTER. I do not know what conclusion the Senator draws from that, but the British battleships are no more obsolete than the battleships of the United States, some of which were of the old type and some of ours of the old type. Some of ours are of the most improved type known to naval construction, and some of hers are, but the difference is that the British Admiralty have in the most emphatic terms adhered to the policy of maintaining a line of battleships, while the Senator from Utah says they are obsolete.

Mr. KING. No; the Senator from Utah did not say battleships were obsolete. What the Senator from Utah said was that a large number of the forty-odd to which the Senator from Washington referred were obsolete. I concede that some of our battleships are also obsolete.

Mr. BORAH. Yes; I think that our battleships which have been constructed since the war are the only really modern battleships which we have.

Mr. POINDEXTER. That is not entirely correct. They are the most modern and the most improved. While the building program was authorized in 1916, the type and the armament and the motive power of these ships have been kept strictly up to date, and they are being constructed in compliance with the best views of naval construction which it is possible to obtain.

Mr. BORAH. There is what is called the post-Jutland battleship and the pre-Jutland battleship, and I understand that all of those which have been contracted for since the war are of the post-Jutland type. Those of prior date are regarded as practically obsolete for fighting purposes, I understand, although they are good yet for display purposes. Great Britain has not laid down a single capital ship since the Battle of Jutland, as I understand. I have sent for a magazine containing an article by Mr. Hurd, who is an expert upon the subject, which makes that statement.

Mr. BRANDEGEE. Mr. President, the Senator from Idaho will remember, however, will he not, that there was testimony before the Committee on Foreign Relations when his resolution was being considered that the present effective strength of the British Navy was more than twice that of the United States?

Mr. BORAH. I remember that statement was made by Admiral Coontz.

Mr. BRANDEGEE. Yes.

Mr. BORAH. Just a word in conclusion to restate my object and purpose in so persistently urging this matter. First, it is in behalf of economy; it is to save, if possible, unnecessary millions being placed upon the already bended backs of the American people. We have about reached the limit. We hardly dare be frank with the American people to tell them of the burdens they have really got to carry. Secondly, it is in behalf of efficiency. What we possess in the way of a navy must be the navy of the last best thought of the world. We are happy, therefore, in our contention in representing both protection to the people who pay the taxes and protecting those who must suffer and die in case the Navy must be used. I have no desire to continue a fruitless endeavor merely for the purpose of contention, but believing that this is a matter of uncommon moment I shall continue to urge it until proper action is taken and until information such as we are entitled to is at hand.

Mr. POINDEXTER. Mr. President, I shall not at this time ask the privilege of detaining the Senate to go at any length into the question which has been discussed by the Senator from Idaho. I have listened very carefully to his statements with the object of ascertaining just what the views of the Senator from Idaho are as to the action the United States should take in regard to its naval building program. I understood the Senator to state that he is not in favor of the abandonment of the battleship at this time. In so far as that position is held by the Senator from Idaho, there is no difference between him and the Navy Department and the Naval Affairs Committee of the Senate which has reported upon his resolution. The Senator has read a large number of extracts.

Mr. BORAH. May I say that I am not in favor of abandoning the battleship, as yet at least; but I am in favor of suspending the naval building program for a period of six months or a year in order to determine what we should do.

Mr. POINDEXTER. That would be equivalent to abandoning the battleship in so far as any hope of maintaining equality with other naval powers is concerned. If we should abandon the naval program, which has been laid out with so much expense and for which contracts have been let for a period of six months, it would be so dislocated that it would practically be impossible either to reassemble the personnel or to restore the material that is involved in the construction of these highly



organized battleships and battle cruisers so as to carry out the program at all. In the meantime, if other nations—it is not necessary to mention the nations, for they are very well known, and they are maintaining great naval establishments—should proceed with their naval construction, as they are proceeding and as they announce they intend to proceed in some cases with the construction of new battleships, with Great Britain, for instance, maintaining in commission 51 battleships of the tonnage which I have just stated, the United States would be at such a disadvantage that it would be useless for her to attempt to negotiate with any one of those powers on any basis of equality as to the future relative naval status of the several countries.

The opinion of the Naval Affairs Committee in reporting the resolution was in favor of an effort on the part of the United States to obtain an agreement between the great naval powers of the world looking toward the limitation of armaments. The committee are not in disagreement with the Senator from Idaho upon that subject, but the committee are of the opinion that if before sitting down at the table of conference with those powers the United States should practically disarm itself by the suspension of its naval construction program, which is necessary to bring it anywhere near equality with some of them, or to maintain its relative position with the others, it would be in a position of inferiority in the negotiations.

Mr. BORAH. If the report of the Naval Affairs Committee states what the Senator from Washington has just indicated, it presents a more substantial basis of reasoning, but I confess that I do not find that in the report of the Committee on Naval Affairs at all.

Mr. POINDEXTER. I do not know that the exact reasoning is in the report of the Naval Affairs Committee, but I will read to the Senator what the report states upon that subject.

Mr. KING. Will the Senator yield for just a moment?

Mr. POINDEXTER. In a moment I will yield to the Senator.

Mr. KING. I wish to reply to the statement made by the Senator from Idaho.

Mr. POINDEXTER. I will yield in just a moment. The report concludes as follows:

The members of the committee are as anxious to bring about a reduction of armaments and relief from the burdens which those armaments impose upon the nations of the earth as anyone can be, but no disarmament would be of any value unless it was general and in the case of the great maritime powers universal. Unhappily this is not the case at the present time, and we must deal with conditions as they exist. For one nation to leave itself exposed to attack while another is preparing all the engines of war would be not only folly, but the greatest danger to the peace of the world that could be imagined. We earnestly hope that an agreement may be reached among the nations for a general reduction of armaments, but at the present moment universal disarmament has not been established and the United States can not leave itself undefended if it is threatened from any quarter. To do so would be a wrong to the American people and no service to the cause of peace.

Mr. BORAH. That states an entirely different proposition, and an entirely different argument.

Mr. POINDEXTER. It does not state a different proposition, though it may state a different argument.

Mr. BORAH. It states a different proposition. The question whether or not we would be in a position more readily to secure an agreement to disarm was not referred to by the committee at all.

Mr. POINDEXTER. No; not at all; but it is perfectly obvious, and I am glad that the Senator from Idaho agrees with me in that respect.

Mr. BORAH. I am glad the Senator has stated that reason, because it is the first real reason I have heard stated.

Mr. POINDEXTER. I think the two reasons are very closely connected. There are a great many other reasons that might be stated. It was a conclusion as to the policy to be pursued that was requested by the resolution, rather than an elaborate process of reasoning by which those conclusions might be reached.

There is the further circumstance that ought to be emphasized, namely, that there is no difference of opinion between the Senator from Idaho, the naval authorities whom he has quoted, the newspaper opinions which he has read, the Navy General Board of the United States, and the Naval Affairs Committee in the Senate in regard to the value of other branches of naval armament. In the report, both of the committee and of the Navy General Board, it is not only set out but is urged with the utmost emphasis that the United States should proceed with the utmost expedition and with all the facilities at its command to develop the very instrumentalities which the Senator from Idaho is urging shall be developed. They agree with him as to the importance of building submarines and as to the importance of developing naval aviation, and have gone so far

as to recommend in the report that a portion of the 1916 naval construction program be eliminated and that there be substituted for it the construction of certain accessories for the aviation service of the Navy.

All of the ships that were included in the 1916 program have been contracted for and are in various stages of construction, some of them completed, some nearing completion, and some just laid down, with the exception of 12 destroyers, 6 submarines, and 1 transport, and, in view of the relative number of destroyers with which the Navy is provided and the relative number of submarines with which it is provided or which are in process of being provided, the Navy General Board and the committee, in the interest of the very thing which the Senator from Idaho is urging, have recommended that these 12 destroyers and submarines be eliminated from the naval building program and that there be substituted for them 2 airplane-carrying ships, which are regarded as fundamental essentials to the naval aviation service, showing what seems to me to be the fact that this is very largely an artificial issue; that there is not so much real difference of opinion.

Mr. SMITH of Maryland. The construction recommended to be eliminated involves, I believe, an expenditure of \$55,000,000.

Mr. POINDEXTER. Yes.

Mr. SMITH of Maryland. It is recommended that that sum be authorized for the building of airplane carriers.

Mr. POINDEXTER. Yes.

Mr. SMITH of Maryland. Instead of building 18 of the ships which were authorized, it is recommended that the construction of those ships be stopped. That is the evidence before the committee.

Mr. POINDEXTER. Yes.

Mr. BORAH. Mr. President, may I ask the Senator from Washington how many of the 16 ships are now less than 20 per cent completed?

Mr. POINDEXTER. The ones to which I have just referred? Mr. BORAH. No; the 16 capital ships, not the small vessels to which the Senator has just referred.

Mr. POINDEXTER. Three or four of them are perhaps less than that. I can furnish the Senator with the exact percentages. I have not the figures at hand, but I have them in my office.

Mr. BORAH. There are 3 or 4 of the 16 that are not over 20 per cent completed?

Mr. POINDEXTER. Yes; of the 10 battleships.

Mr. BORAH. Can the Senator advise me how many have not proceeded over 40 per cent toward completion?

Mr. POINDEXTER. I think one or two, in addition to those which have not proceeded to a degree of over 20 per cent toward completion. The testimony before the committee was, however—and that was the highest authority which we could obtain from the Navy Department—that if the naval program is suspended for a period of six months, as is proposed by the Senator from Idaho, it would entail a loss in case it was ever resumed of between \$15,000,000 and \$25,000,000.

Mr. KING. Mr. President, may I interrupt the Senator there?

Mr. POINDEXTER. Yes.

Mr. KING. I concede there would be some loss, but I do not think the Senator ought to ignore the fact that there would be tremendous gain. The Navy Department, in my opinion, has made indecent haste to let some of these contracts under high pressure and at high prices, whereas if they had waited a little while the supposed losses to which they have testified would have been more than gained by the advantages which they would have reaped in other contracts.

Mr. POINDEXTER. I do not think there has been any indecent haste about the letting of contracts, in view of the fact that the authority was granted in 1916. I imagine we could save money along the line of which the Senator from Utah speaks by suspending the building program for a period of 10 years, but the need or opportunity for naval defense may have ceased to exist during that time. The idea that we ought to suspend it for any period of time, in the view that there might be cheaper prices obtained a year or two or three years from now, is equivalent to saying that in the meantime we can allow ourselves to remain comparatively undefended while other nations are going ahead with their naval programs along each one of the lines which are included in our 1916 program.

Mr. SMITH of Maryland. Mr. President, I suggest to the Senator that the evidence before the committee was that the ships on which the least had been done in the way of construction are battle cruisers, which are needed and considered more important to the Navy than any other vessels being built. They are the class of ship which we need and in which we are now most deficient, and it has been testified that all nations which

profess to have a navy, particularly Great Britain and Japan, have many more of them than we have.

We have, as I remember, six, and Japan has four, and is now building eight; and it was considered that they were more important than even the ships that were further advanced in construction.

Mr. POINDEXTER. Yes; that was the general opinion of the naval officers who advised the committee, and, among others, Admiral Sims, who was called at the suggestion of the Senator from Idaho; and I may say that having called Admiral Sims and Admiral Fiske at the suggestion of the Senator from Idaho, we were advised by both of them that it was not expedient or advisable or sound policy to suspend the building program or to abandon it.

I want to call the attention of the Senator from Idaho to this fact, with which I am sure he is already familiar, but it seems to me that one would get the impression from the points he has been making and the opinions he has been quoting that he has not taken it into consideration. This 1916 program is not merely a battleship program. It provided for 10 first-class battleships, for 6 battle cruisers, for 10 scout cruisers, for 50 torpedo-boat destroyers—I may add that a great additional number of torpedo-boat destroyers were constructed during the war, under special war measures—for 9 fleet submarines, for 58 coast submarines, for 1 special submarine equipped with the Neff system of submarine propulsion, and for quite a number of auxiliary ships. So it is perfectly obvious that there was no neglect of the submarine branch of the Navy in that program, nor was there any neglect of the destroyer branch, nor of the light cruiser branch, nor of the battle cruiser. They were all cared for, and it was supposed that they were properly balanced with reference to the number of battleships that were authorized.

Now, the fact of the case is, as the committee is advised—and it seems to me it is quite inconsistent with the proposed policy that the Senator from Idaho has advanced here—that all of the great naval powers of the world take a different view from that proposed by him. Japan does not entertain that view. She is building battleships. Great Britain does not entertain that view, because she has announced from the highest official sources to her legislative body that she still relies upon the battleship as the main line of the navy.

Mr. BORAH. Yes; but Great Britain has suspended building for six months to determine whether or not she will accept that view.

Mr. POINDEXTER. Yes; and that has been one of the things that have aroused the suggestion which was referred to a moment ago by the Senator from Idaho, that in proclaiming that she has suspended the building of battleships, and urging other nations that they should suspend the building of theirs, while she has twice or three times as many battleships as any other nation, she had an interested motive and not any desire or any intention to abandon the battleship.

A great deal has been said about the battle of Jutland. I am not a naval strategist or any other kind of a military strategist, but most of these things can be estimated by the application of ordinary common sense. There were no submarines at the battle of Jutland. There were not any aircraft at the battle of Jutland, at least upon the side of the Germans. It was a battle that was fought by battleships and by battle cruisers; and what was the result of it?

Many of the alleged naval authorities that the Senator from Idaho has quoted say that it was a demonstration of the uselessness and the obsolescence of the battleship; but the result of it was that Great Britain remained mistress of the sea, and that the German fleet retired to its base, and remained bottled up in its ports from that time until the close of the war.

I think that the importance of the Battle of Jutland, and the relative importance of the different branches of the service that were in that battle on each side, can be clearly demonstrated by asking the question, "What would have been the result if Germany had won that battle?" I think she would have won the war. If Germany had so crippled or destroyed the British fleet that the result of that battle had been the reverse, and the British fleet instead of the German fleet had been bottled up in their ports and unable to go to sea, as was the German fleet, she would have cut off the communications of Great Britain and of America from France, cut off the food supply from the British people, cut off equipment from the army in France, and they would have been compelled in a short time to yield.

I think it was Lord Jellicoe, in his account of that battle, who said that the question was asked, "What was the result from a naval standpoint of the Battle of Jutland?" and his answer was, "Scapa Flow," meaning by that that as a result of the Battle of Jutland the German fleet—a long, unprecedented

line of vessels—submitting to the enemy and surrendering to the British power, ended the war, so far as the navy was concerned, at Scapa Flow; and I think that is correct.

How it can be said that battleships and battle cruisers had no part in determining the war is more than I can understand, in view of those circumstances, known to everybody, and from which it is easy to draw the conclusions to which I have referred.

I have seen a good deal about a proposed test of this question between the Secretary of the Navy and Gen. Mitchell, but I have never seen stated anywhere conditions which would really represent a naval battle. It is proposed that the Secretary of the Navy shall navigate a ship at sea, and that Gen. Mitchell shall fly over it in the air and drop bombs at it, and no other elements are taken into consideration; but there would not be any naval battle of that kind. There would be other aircraft engaged in it if it were an actual battle. There would be other surface craft, and other under-the-surface craft. Gen. Mitchell would not be allowed, if he were engaged in an actual battle, to proceed to attack the enemy as he proposes in these conditions which have been stated—to proceed to attack the Secretary of the Navy navigating the *Iowa*. He would be attacked by the battleplanes of the enemy, and the naval force of which he was a part would be attacked by the enemy's submarines, by the enemy's destroyers, by the enemy's light cruisers, and by the enemy's battleships.

It seems to me that anyone can form an accurate opinion by asking himself the question, "What would have been the result of a battle between two rival naval forces, one of which was completely armed with aircraft and with submarines and with all of these newer branches of naval warfare of which the Senator from Idaho is an advocate, and the other one of which was equally armed, but the second one had battleships in addition, and the first one had no battleships?" There can not be any doubt about the result.

The air forces and the submarine forces of each side would neutralize each other, and the battleship would remain mistress of the sea and mistress of the communications of the respective countries that were engaged in the war.

That is the view that is taken by the Naval Board. That is the view that is taken by the naval authorities of Japan and of Great Britain and of Italy and of France, none of whom have abandoned the battleship as a part of their naval forces; and for that reason it seems to me that there is no substantial showing made here either in favor of abandoning battleships altogether or in favor of suspending the program.

The Senator from Idaho says—and quotes some authority to the effect—that some time in the future aircraft may be developed to such a point as to be able to destroy battleships at will and put them out of commission as arms of naval warfare, but that is a mere hypothesis. They have been trying to do that ever since aircraft were invented and ever since submarines were invented. It has not been done yet. It was not done during the war.

Mr. BORAH. Mr. President—

Mr. POINDEXTER. Just one moment. When the war ended, the one outstanding feature was that the battle fleet of Great Britain was in control of all the seas of the world. There was not any power, either among her allies or among her enemies, that could challenge her supremacy upon the seas, and the effect of that one outstanding fact upon the armies of the belligerents in France was the controlling influence which brought victory to America and the Entente Allies; and it was done in spite of the submarine, it was done in spite of aircraft.

One of these authorities says that if Germany had done so-and-so she could have destroyed the British grand fleet. It is a great pity that Germany did not have the benefit of his genius in her struggle for existence. Does anyone suppose that Germany did not do everything that she could? Up to the present time I have been under the impression that Germany rather led the world in the quality of her submarines, in the rapidity with which she responded to inventions and to improvements in every new art of naval warfare. And yet here comes a man who, so far as I know, was not actively engaged in the war—I am informed that some of these retired British officers whom the Senator has quoted had no active commands during the war; they commanded no ships or squadrons—and says that if Germany had done so-and-so she could have won the war; but she did not do it. Notwithstanding the exhaustion of her military genius and of her physical powers, she failed to do it; and it is upon the actual results obtained under war conditions, when nations are fighting for their existence, and when men put forth the supreme effort of their lives, that the naval policy of nations must be based, instead of an hypothesis of newspaper theorists.

Mr. BRANDEGEE. Mr. President—



Mr. POINDEXTER. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Does not the Senator think it is true that if it had not been for the British grand fleet, composed of capital ships, the German grand fleet would have swept the ocean clear of all the commerce of the Allies?

Mr. POINDEXTER. I think the Senator is entirely correct in that, and I just suggested this consideration. We will suppose that at the Battle of Jutland the result had been the reverse from what it was; that instead of the German fleet being driven back to its port and seeking refuge the British fleet had been driven back, and the German fleet had gone to sea and cut the communications of the Allies. She would have won the war.

Mr. BORAH. On the other hand, what did the grand fleet do toward protecting the commerce of Great Britain?

Mr. POINDEXTER. It protected it.

Mr. BORAH. What did it do against the submarines?

Mr. POINDEXTER. It destroyed the submarines and curbed them, and at the time the war ended had the submarine menace practically ended.

Mr. BORAH. Mr. President, as I am informed, and as seems to be conceded, at the time the submarine was bringing Great Britain to its knees the grand fleet did nothing whatever to relieve the situation.

Mr. POINDEXTER. Mr. President, while the submarines were bringing Great Britain to her knees the grand fleet kept the German fleet bottled up in its ports.

Mr. BORAH. I am speaking about what they did to prevent the submarines from preying upon the trade and commerce of Great Britain.

Mr. POINDEXTER. Was not that doing something, if it kept the naval forces of the enemy from preying upon their commerce, if they controlled the sea so as to enable its submarines and its destroyers and its aircraft to operate against the German submarines, and to enable the representatives of the American Navy, when we became involved in the war, to lay a mine barrage in the North Sea so as to cut off the German submarine from its opportunities of attack upon allied commerce? It did that. Does the Senator suppose the small ships which were engaged in laying that barrage of mines across the North Sea for the purpose of hemming in the submarines could have operated unless the British fleet had kept the German fleet off of those seas and bottled up in their ports?

Most of this argument is conducted upon the theory, it seems to me, that one side is going to have all of the submarines and all of the aircraft and the other have nothing but battleships. That is not the theory of the report of the Navy General Board, upon which the Senate committee made its report to the Senate. On the contrary, the recommendation of the Navy General Board is, and the recommendation of the Senate committee is, that the United States shall undertake to develop its submarine forces and its aircraft forces to the same extent and to the same power that the enemy develop theirs.

Mr. BORAH. Mr. President, may I interrupt the Senator to read a paragraph from Admiral Hall? He says:

Our grand fleet, supported by all the fleets of our allies, was impotent to help us against the submarines while we hovered on the brink of disaster.

Mr. POINDEXTER. I am curious to know whether the Senator agrees with that opinion, in view of the fact that the English grand fleet kept control of the surface of the seas during that entire period, and that as a result of that control of the seas, at the end of the war, with victory for Great Britain and her allies, they had subdued the submarine menace. I do not mean to say that the grand fleet operating alone could have done that, but I do mean to say that but for the grand fleet it could not have been done; that the grand fleet, with its line of battleships, its submarines, and its aircraft, constituted one coordinate whole of the fighting force, and that it was an essential and constituent part which brought about the victorious result of the war.

Mr. BORAH. I only desire to say that this view of Admiral Hall was concurred in by Lord Fisher, by Read Admiral Percy Scott, and by Admiral Henderson, all of them very prominent and distinguished men, and some of them rendered great service in the war.

Mr. POINDEXTER. I am not sure just what service they rendered. I am advised that Admiral Scott did not have command of a ship during the war.

Mr. BORAH. But there is no doubt about what Lord Fisher did. I quoted from him a while ago. He said that his judgment was that we should scrap the battleships, and in future fight the battles of the world under the sea and in the air.

Mr. POINDEXTER. Of course, while Lord Fisher may have said that, there are a great number of admirals of the British Navy who do not agree with him in it.

Mr. BORAH. I agree with that statement perfectly.

Mr. POINDEXTER. The British Navy control does not agree with him in that. Why should the United States take his advice, when his own country does not take it?

Mr. BORAH. I do not know but that his own country would have been infinitely better off if they had taken his advice before the war as to the kind of a navy which should be built.

Mr. POINDEXTER. What would have been the result? We had victory in the war. What might have been the case if they had followed some other policy and his mere speculation?

The Senator asked me a moment ago about the percentage of construction upon the capital ships in the 1916 program. I will say that there is one that has just been laid down, which is only five-tenths of 1 per cent completed. That is a battleship. Another one is 10.9 per cent completed; another 18.6; another 13.1; another 13.8; another 17.6. The remainder of the 11 which are under construction are considerably more advanced. The battle cruisers are not so far advanced. But, as has already been stated, Admiral Sims, who was called at the instance of the Senator from Idaho, urged particularly and emphatically that the program for the construction of the battle cruisers be not interrupted in any way at all.

A great deal has been said in the argument of the Senator from Idaho, and in the authorities which he quoted as to the size of the fleet which would be required to defend the shores of the United States against attack. Of course, that idea is based upon the theory that in case of trouble with a rival power the United States would retire within its borders and defend itself upon its coast, and, of course, the United States could do that if it adopted that policy. But if it adopted that policy it would become at once a defeated nation. It would become at once, notwithstanding its great extent and its illimitable resources, which have been referred to by the Senator from Idaho, subject to the control of those nations which dominated the seas of the world. It would lose its commerce. None of its citizens could go upon the high seas of the world to carry their business into any foreign country, except at the mercy of a rival power and upon such terms as might be laid down for it by that rival power.

If such a policy as that were adopted, it would lose its outlying possessions and be immediately compelled not by its own voluntary choice, but under compulsion and at the command of a superior naval force, to haul down its flag upon every island possession which it had; and, of course, if we are going to adopt that policy, these things should be taken into consideration and we should have clearly in view what the result would be. Great as it is, the United States can not survive unless it maintains its communication with the rest of the world. It can not sustain its honor unless its citizens have the privilege of navigating the high seas upon terms of equality with every other citizen of the world, under the protection of their own flag. It must carry on its foreign commerce. The savants of the British Navy selected by the Senator from Idaho may say to the United States that it does not need a great fleet because it is far removed from other countries and could defend its shores with a lesser force—and think of the United States accepting that advice!

The opinion of the Committee on Naval Affairs is based upon the proposition that the United States should maintain its national equality among the nations, and they were of the opinion that it could not do that unless it maintained its naval equality. The Committee on Naval Affairs would gladly have the United States join with the other naval powers of the world—and they took pains to set that out in their report—in reducing these forces.

But they laid down the unalterable principle that when we reduce ours theirs must be reduced to an equal degree, and that after they have been reduced the United States shall still be equal with any other nation in the world in that sea power which has controlled its history in the past as it has the destinies of every other nation. It makes no difference whether that power be great or whether it be small, as long as it is equal, and there is nobody, I will say to the Senator from Idaho, who is insisting that the United States proceed to maintain a great and expensive naval force if an agreement can be brought about by which other nations will reduce their forces to the same extent that the United States does; and I think we know as well from a knowledge of human nature as we know from any information which we may have received in regard to naval history or naval strategy that if the United States goes into negotiations with other powers for a limitation of armaments the policy of the United States will receive but very little consideration unless at the time it sits down at the table it has back of its diplomats the power to support them in the position which they assume.

It will be time enough to reduce our force after we get an agreement. I hope we can get it. I do not want to be pessi-

mistic about it, but I would like to hear some suggestion from Great Britain as to whether or not she is willing to reduce her navy to-day by 50 per cent, so that it shall be equal to the Navy of the United States; whether or not Japan—and I only mention Japan by way of illustration, because there is no necessity of any particular animosity between the two countries, and I hope there will not be, but I hope we will be prepared for it if there should be—I would like to hear from Japan if she is ready to stop the process of her naval construction, so that it shall remain the same that it is now, in case the United States will agree to reduce its Navy to a strength equal to that of Japan. When we have arrived at those agreements it will be time enough to stop the naval construction program or to agree to its permanent abandonment, and not before.

Mr. BORAH. Mr. President, I perfectly agree with the Senator, and that is what I would like to hear, both from Great Britain and Japan, and in a humble way I initiated a program for the purpose of finding that out. But we were advised by the same people who are in favor of a great Navy that we should not hurry the matter, and should postpone it for the future consideration of the incoming administration. So it has been postponed, so far at least.

In order that there may be no doubt of Admiral Fisher's statement in regard to this subject, on the 12th day of September, 1919, he wrote:

Air fighting dominates the future war both by land and sea. It is not my business to discuss the land, but by sea the only way to avoid the air is to get under the water. That is why I keep emphasizing that the whole navy as we have it now has to be scrapped.

Mr. POINDEXTER. It seems to me that the Senator is dealing in speculation and hypothesis, just as one of his authorities was when he asked the question, What would have happened at the battle off the coast of South America if Von Spee had submerged his ships? Nobody knows what would have happened if he had submerged his ships, but he did not submerge them; he could not submerge them, and he could not submerge them to-day if the same occurrence took place.

Mr. BORAH. I was not reading speculation; I was reading the opinion of Lord Fisher.

Mr. POINDEXTER. That is speculation. It is pure speculation for a man to ask what would have happened if the German fleet in the battle off the coast of South America, or at the battle of the Falkland Islands, when the German fleet was sunk, had submerged.

Mr. BORAH. But the question was, What did Lord Fisher say? I am simply stating what he did say. Whether the Senator thinks it is worth while to consider it or not is another question.

Mr. POINDEXTER. I am not questioning the propriety of submitting it, but I claim the same privilege of commenting on it that the Senator claims of introducing it.

In the speech of the First Lord of the British Admiralty, who, under the British form of government, corresponds to a

sort of combination between the Secretary of the Navy and Congress, while maintaining the necessity of a line of battleships, he does not close his eyes to the opportunity for progress and for invention and the possibility of complete change, but he very truly says that we can not deal with probabilities and with hypotheses when it comes to a defense of the nation. We have to deal with conditions as they are known, with means of warfare which are now understood. He said in his speech that—

The time may come when these very battleships—

It seems to me rather fantastic, but it shows the vision they have contrary to the idea that they are closing their eyes to all possibilities of improvement—

when battleships, instead of riding the surface of the sea, will go under the surface or rise into the air.

That time may come. I do not know whether it will or not. He makes that suggestion, but it will probably be a long time in coming, and it would be quite ridiculous for the United States to build its Navy upon the theory that battleships are going to be under the surface or in the air in the present stage of naval science.

In the investigation which the resolution of the Senator from Idaho directed the committee to make, Admiral Fiske, who is an inventor, and Admiral Sims, who is one of the most progressive authorities in the American Navy, admitted that even the launching of torpedoes from aircraft, while they claimed it has passed the experimental stage, was not by any means perfected.

I may say to the Senator, and I think it is not disclosing any secret that ought not to be disclosed, that the American Navy at the present time is constantly carrying on experiments for the improvement of its aerial naval defense, the launching of torpedoes from aircraft, and that they are meeting with a great many difficulties in doing the things which the Senator says ought to be substituted for battleships. I only mention that to show that they agree with the Senator from Idaho, and they agree with the witnesses whose evidence he has submitted, as to the importance of this arm.

It is suggested to me just now that the Navy General Board's report to the Navy was unanimous, and that the Committee on Naval Affairs, with the possible exception of the Senator from Utah [Mr. KING], was unanimous.

I call attention to the fact that Great Britain is making one of the greatest expenditures she ever made in her history upon her navy, and that Japan is carrying on the greatest construction program which she has ever carried on.

I should like to insert in the Record at this point a statement of the present and prospective naval forces of Japan, Great Britain, and the United States, and have it incorporated as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

#### BATTLESHIPS AND CRUISERS AT PRESENT.

United States.	Great Britain.	Japan.
First line battleships..... 16	First line battleships..... 26	Battleships..... 6
Battle cruisers..... None.	Battle cruisers..... 6	Battle cruisers..... 4
Total..... 16	Total..... 32	Total..... 10

#### BATTLESHIPS AND CRUISERS IN 1923.

Battleships (first line)..... 21	Battleships (first line)..... 22	Battleships..... 8
Battle cruisers..... 6	Battle cruisers..... 6	Battle cruisers..... 4
Total..... 27	Total..... 28	Total..... 12

#### BATTLESHIPS AND CRUISERS WHEN THE FINAL PROGRAM IS COMPLETED IN 1927.

Battleships (first line)..... 21	Battleships (first line)..... 22	Battleships..... 12
Battle cruisers..... 6	Battle cruisers..... 6	Battle cruisers..... 12
Total..... 27	Total..... 28	Total..... 24

#### STATEMENT OF ENTIRE NAVAL FIGHTING SHIPS AT PRESENT UNDER CONSTRUCTION AND AUTHORIZED.

Battleships:	Battleships:	Battleships:
First-line..... 16	First-line..... 26	First-line..... 6
Second-line..... 16	Second-line..... 20	Second-line..... 4
Under construction and authorized..... 11	Under construction and authorized..... 0	Under construction and authorized..... 7
Total..... 43	Total..... 46	Total..... 17



## STATEMENT OF ENTIRE NAVAL FIGHTING SHIPS AT PRESENT UNDER CONSTRUCTION AND AUTHORIZED—Continued.

United States.	Great Britain.	Japan.
<b>Battle cruisers:</b>	<b>Battle cruisers:</b>	<b>Battle cruisers:</b>
On hand..... 0	On hand..... 0	On hand..... 4
Under construction and authorized..... 6	First-line..... 6	Under construction and authorized..... 8
	Second-line..... 4	
	Under construction and authorized..... 0	
<b>Total..... 6</b>	<b>Total..... 10</b>	<b>Total..... 12</b>
<b>Light cruisers:</b>	<b>Light cruisers:</b>	<b>Light cruisers:</b>
First-line..... 0	First-line..... 44	On hand..... 8
On hand..... 0	Second-line..... 24	Under construction and authorized..... 11 or 12
Under construction and authorized..... 10		
Second-line..... 3		
<b>Total..... 13</b>	<b>Total..... 68</b>	
	Under construction and authorized..... 0	
	First-line..... 5	
	<b>Grand total..... 73</b>	<b>Making a grand total of..... 19 or 20</b>
<b>Submarines:</b>	<b>Submarines:</b>	<b>Submarines:</b>
First line..... 52	First line..... 71	On hand..... 13
Second line..... 44	Second line..... 66	Under construction and authorized..... 50
Fleet submarines..... 2	Fleet submarines—	
	First line..... 18	
	Second line..... 7	
<b>Total..... 98</b>	<b>Total..... 162</b>	
Under construction and authorized:	Under construction and authorized:	
First-line submarines..... 142	Fleet submarines..... 18	
Fleet submarines..... 4		
<b>Grand total..... 144</b>	<b>Total..... 180</b>	<b>Total..... 63</b>

<sup>1</sup> This does not include the submarines that are not under construction and not appropriated for.

NOTE.—Second-line battleships should not be counted in the line strength, because they are all under 12-inch batteries and slow in speed.

Mr. SWANSON. Mr. President, I am not going to address the Senate on what should be the naval policy of the United States. This matter will properly come before the Senate when the naval appropriation bill is before us and the question of appropriations for naval construction is being discussed. At that time it will be a live and practical question, and we can vote at the conclusion of the debate. At that time I shall desire to address the Senate upon the question, but at present I wish only to call the attention of the Senator from Idaho [Mr. BORAH] to one provision of the naval act of 1916.

I was acting chairman of the committee at that time and had charge of the bill when it was before the Senate. The Senator seems to have forgotten that there was a provision in that bill which authorized the President, at any time when agreement was made for disarmament, to stop the entire program or any part of it, since the question really is whether it should be stopped before or after an agreement is reached. The President can stop it at any time under the provisions contained in the act of 1916, which the committee reported and which was amended and made more imperative by an amendment offered on the floor at that time.

Mr. BORAH. I am perfectly familiar with that provision, and one of the arguments made by the Senator from Washington [Mr. POINDEXTER] is that we can not stop it, because contracts have been let, and it would not make any difference how many authorizations there were.

Mr. SWANSON. The President has authority to consider the contracts, to what extent loss would be entailed on the Government of the United States, to what extent the material could be used otherwise, and he is authorized, whenever an agreement is made, to suspend the entire program, or any part of it.

Mr. BORAH. Yes; I understand that.

Mr. SMITH of Georgia. Mr. President, I am very earnestly in sympathy with the desire to cease expending money on the Navy, but it has occurred to me that perhaps we are placing an unjust burden on Great Britain to maintain a navy 40 per cent larger than ours. Our navies, of course, will always co-operate—at least I hope so—and keep the ocean free and preserve the rights of all countries. A very happy thought has occurred to me on the subject. I am pleased with it myself even if it does not please anyone else. The British Navy is 40 per cent larger than ours. That is placing an unjust burden on Great Britain in this joint tariff that we are to carry.

The happy thought is that this excess of 40 per cent be divided in two and one-half of it be turned over to the United States and credited on the British indebtedness to the United States and thereafter we jointly carry the responsibility and neither of us build any more warships for some time to come.

Mr. McKELLAR. Mr. President, any discussion of the relative size and power of the British Navy leads to the thought that whatever difference of views we may have upon it, we are

now actually contributing in aiding Great Britain to build a larger navy than she has even at present. I think that we are wasting time when we are talking about England's design on the seas. We might as well make up our minds that we have to meet that situation. She is going to continue not only maintaining her present navy but she is going to add to it, and the unfortunate part of it is that we are helping her by postponing the interest payments upon debts that Great Britain owes us now. The payment of those debts should not be postponed, in my judgment. In order that the record may be kept clear, it will be recalled that last fall I called attention to those debts and the postponement of the payment of interest on them. I wish to insert in the RECORD an article, a part of which I desire to read, that was printed yesterday in the Washington Times by the International News Service:

BRITAIN SEEKS TIME ON DEBT—GEDDES, UPON RETURN, WILL ENDEAVOR TO FUND LOAN INTO LONG-TERM PAYMENTS.

[By W. H. Atkins, International News Service.]

Sir Auckland Geddes, the British ambassador, will soon return to Washington from London empowered by his Government to enter upon negotiations with this Government for funding the English debt of \$5,000,000,000 to this country into long-time obligations, according to well-informed officials of Washington to-day.

WILL RESUME PARLEY.

Rebuffed in all attempts to cancel the huge debt, and with the British mind entirely disabused of the idea that either considerations of "peace or generosity" will alter the stand of this Government, officials were informed the spokesmen for England will resume the parley very early in the term of President-elect Harding.

Although the advices reaching here are meager, since Ambassador Geddes was hurriedly summoned to London, and the trip here of Lord Robert Chalmers, financial envoy, was indefinitely postponed, the cable reports showing the British attitude convince officials of an early resumption of the parleys over the big debt.

While higher officials most conversant with what transpired concerning the overtures made by Great Britain on wiping out the debt as an act of broad benevolence upon this Government's part refuse to discuss publicly the official statements and admissions emanating from London, enough has been divulged to establish the fact that proposed cancellation of the British debt stands at present definitely and finally rejected, and Britain realizes it.

HOUSTON WON'T FIGURE.

Secretary of the Treasury Houston, chief negotiator for this Government in the English debt matter, is soon to retire and will not figure in the conferences when they are resumed. Houston, while said to possess in black and white most illuminating evidence upon the British effort to cancel payment of the debt which was so gladly arranged and acquiesced in by the British, declines to be drawn into any discussion of the question.

The view of the officials who are closest students of the problem is to-day that the debt problem is linked up closely with the tariff and other domestic problems, which are to press immediately for settlement soon after the new administration assumes power.

Many fiscal officers regard the tariff question perhaps as uppermost. Leading economists agree with officials here that the bulk of the foreign debt must be settled in goods sent to America if it is settled at all. Legislative barriers to heavier imports, they assert, would be fraught with danger to the debt settlement.

Mr. McKELLAR. In that connection, I also wish to add an article which was printed a few days ago, in which a number

of excerpts from editorials of various London newspapers in reference to the debt were published. I shall read one of them, and ask that the others may be incorporated in the Record.

The PRESIDING OFFICER (Mr. SPENCER in the chair). Without objection, permission is granted.

Mr. McKELLAR. The London Morning Post, in commenting on the address of Austen Chamberlain, says:

This country, an essential element of whose national policy is maintenance of most cordial relations with America, does not intend to allow them to become imperiled by indefinite postponement of the repayment of its debt to the United States. The nation would regard any suggestion relative to remission of this debt as derogatory to national honor.

The articles referred to are as follows:

Referring to recent suggestions regarding the transfer of a British colony to the United States, the newspaper said: "That expedient is out of the question. The British people would never countenance it, and the sooner the Government takes the requisite steps to fund the American debt the better. Regarding the debts owed to Great Britain, their cancellation would confer the greatest possible benefit upon Europe and would prove the highest possible service to civilization."

MUST WIPE OUT OLD SCORES.

The Daily Mail, commenting on Chancellor Chamberlain's utterances, says that more than one overture in this respect has been made. It declares that in 1919 John M. Keynes, while representing the treasury on the economic council, is understood to have discussed the matter freely with American representatives.

"The existence of the immense war debts," the Daily Mail continues, "means that at any moment somewhere in Europe it may pay the government of a day to make repudiation a plank in its platform. There is, of course, no such danger in England, but sooner or later the Allies must meet and wipe out old scores."

In its editorial on the subject the London Times asserts that well informed quarters here have long understood that during the war the British Government suggested to the United States that it should substitute itself for Great Britain as direct creditor of France and Italy with respect to sums Great Britain borrowed from America and lent to the two allies, but that the suggestion was rejected.

RECALLS VANDERLIP TESTIMONY.

The newspaper recalls that Frank A. Vanderlip, before the Foreign Relations Committee of the Senate, in June, 1919, proposed remission of the loans to France and England, but neither then nor since, says the Times, was the idea favorably received.

"We shall not go back on our word," it continues. "We are a nation of shopkeepers, and commercial interest as well as commercial honor forbids us to discredit our papers. Payments of both the capital and interest ought to have been concluded long ago."

Regarding the Allies' debts to Great Britain, the Times declares there can be no talk of remitting any part of them until full arrangements are made for the repayment of Great Britain's own debt to America.

"We shall pay fully and promptly," it says, "on whatever reasonable terms are proposed to us."

Mr. McKELLAR. Mr. President, I merely wish to say in reference to these articles and as to the debts owed to the United States, that I believe England has at last become convinced that the United States is not going to remit the debts or the interest thereon. It was very regrettable to me that our officials in the beginning did not do what they were directed by Congress to do and fund these enormous debts into long-time loans, just as is now provided by law. They needed no new law then; they need none now. They have been very remiss in their duty in not collecting the interest upon this indebtedness as it fell due from time to time.

Mr. SMITH of Georgia. Mr. President—

Mr. McKELLAR. I will yield to the Senator in just a moment.

It would save the American people \$500,000,000 a year in taxes if our officials would simply do their duty. I am very earnestly hopeful that under the new administration the officers charged by law with transacting these business relations will speedily perform their duties under the law, so that the American people may be permitted to have a lesser taxation when the interest on these debts is paid. Now I yield to the Senator from Georgia.

Mr. SMITH of Georgia. I only wanted the Senator to allow me to emphasize what he has just said. The original act providing for these loans expressly stated that the loans were to be evidenced by obligations bearing rates of interest as large as the bonds we issued in order to get the money for them, and falling due at least not further off than the obligations we issued. The whole theory was that we were using our credit; but they were to meet the obligations that we issued to obtain the money for them, giving us at once their obligations covering it.

Mr. McKELLAR. The statement of the Senator from Georgia is absolutely correct.

I merely wish to add one other thought. The Senator from Idaho [Mr. BORAH] seems to think that Great Britain is not going to build capital ships in the future, but is going to devote her time and money to building submarines. That may be so; I do not know what character of ships she is going to build; they may be submarines and they may be capital ships; they may be a different kind of ship; but what we may depend upon in this country is that she is going to continue her naval

building program. The remarkable part of it is that we are remitting the interest on these debts, and by failing to take advantage of the opportunity are enabling Great Britain to build up a larger navy, which may in the future be to our detriment. We do not know; I hope never any difference may come between us, but it is our duty on this side of the water to protect our own rights and our own people first. The debts ought to be collected. When I say the debts ought to be collected, I do not mean that our contract ought to be interfered with at all, but we ought to secure from Great Britain long-time bonds and collect the interest.

Mr. SMITH of Georgia. I desire to ask the Senator from Tennessee if it does not occur to him that the suggestion I made would be a happy one; that instead of the United States and Great Britain each building great quantities of additional vessels we equalize our navies, stop building, and relieve Great Britain of her debt to that extent?

Mr. McKELLAR. Before I should be willing to consent to such an arrangement as that I should want to be absolutely sure that we got good ships in the exchange. We would want first to examine them ourselves.

Mr. SMITH of Georgia. Undoubtedly.

Mr. KING. May I inquire of the Senator having charge of the bill whether it is his purpose to ask that the Senate now take a recess?

Mr. WARREN. I am not ready to move a recess now until we can make a little more progress with the appropriation bill. There are some items which are very small, of which we can speedily dispose. A little later on I shall move a recess.

Mr. KING. Let us have a recess now.

Mr. WARREN. Not yet.

Mr. KING. Mr. President, as the Senator from Wyoming has not acceded to my request, I shall occupy a moment of the time of the Senate.

Mr. President, I have listened to a portion of the admirable address of the Senator from Idaho [Mr. BORAH] and to the very strong address delivered by the Senator from Washington [Mr. POINDEXTER]. It is not my purpose now to take up the question of our naval program. I only wish to state that I am a member of the Naval Affairs Committee, but the report which was submitted by that committee and which has been discussed very extensively this afternoon does not command my support. I shall at a very early date submit minority views. Upon that occasion I shall give my idea as to what I conceive to be the duty of our country at the present time.

I believe that we are making a mistake in continuing the naval building program as it was devised in 1916. I think that the psychology of it internationally will be bad. When the nations of the world which are seeking disarmament and responding to the stimulus for disarmament and world peace see that the most powerful nation in the world, the one that holds primacy, financially and otherwise, is building such an enormous navy, it will abate the desire and the determination for world disarmament, and it will develop the thought that America has imperialistic ambitions. If we want disarmament and world peace we should set the example; and the best example is to seek disarmament and not to increase our naval armament and military establishment. I think that the policy announced by the majority report is fallacious; I think it is unwise, and will have a bad effect in securing what we all hoped would be secured when the League of Nations covenant was before us, namely, a rational and feasible plan for world disarmament.

Mr. POMERENE. Has the report to which the Senator has referred been printed?

Mr. KING. The majority report has been printed; but I have not had an opportunity until a few moments ago to glance at it even hastily.

#### LEGISLATIVE, EXECUTIVE, AND JUDICIAL APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 15543) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 59, line 19, to insert the following proviso:

Provided, That within 30 days after the approval of this act the Secretary of War shall transfer without payment therefor to the Secretary of the Treasury for use of the Treasury Department three light motor trucks.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. UNDERWOOD. Mr. President, I have no objection to the amendment being agreed to, but I wish to ask the chair-



man of the committee if he desires to proceed further with the bill to-night?

Mr. WARREN. I should be glad to go on for a few pages more at least, unless the Senator has something else which he desires to have done. There are a number of amendments of slight importance which could be disposed of.

Mr. UNDERWOOD. Very well.

Mr. KING. Mr. President, I wish to inquire of the Senator with respect to the policy of transferring motor trucks. Do I understand that the amendment has been passed over?

The PRESIDING OFFICER. The amendment was agreed to without objection.

Mr. KING. I did not understand that it was agreed to.

Mr. WARREN. To what item does the Senator refer—to the motor-truck item?

Mr. KING. Yes.

Mr. WARREN. Does the Senator wish it to go over?

Mr. KING. I understood it was to go over.

The PRESIDING OFFICER. Does the Senator object to the amendment?

Mr. KING. I shall not ask that the amendment go over, but I desire to ask the Senator a question concerning it. Has the Senator considered the wisdom of transferring motor trucks from the War Department to other governmental agencies? Does not the Senator think that it would be better to order them sold and have some sort of an accounting of cash received and cash disbursed? If the motor vehicles are transferred in this way and there is no cash item and no sale, the demand for transfer to the various departments will increase until the trucks will all be absorbed in that way.

Mr. WARREN. Mr. President, the Senate committee has considered that subject and it is only allowing the transfer of a limited number which the Government would have to buy if we did not allow the transfer. The War Department now has a large number of motor trucks and cars which are doing no service; in fact, many of them are lying idle unsheltered and are of course rapidly deteriorating. We have bought in the last few years many motor cars and trucks and shall continue to do so unless provision is made for the transfer of some of the vehicles which the War Department has to other departments of the Government.

Mr. KING. Mr. President, I have not made myself clear. I agree that we have too many motor trucks; they ought to have been sold over a year and a half ago; the War Department has been derelict in its failure to make disposition of them; but if we permit other departments to come here and ask for motor trucks and transfer them when we have such an enormous stock the appetite for motor trucks will become so great that soon every little clerk, perhaps, will want a car, and, in view of the fact that the Government has thousands of them and that no money need be expended in their purchase, it will tend to waste and extravagance. I think we ought to sell them and then purchase those that are needed—purchase them at auction if necessary.

Mr. WARREN. Mr. President, let me submit a statement to the distinguished Senator from Utah. He must have confidence enough in the Committee on Appropriations to know that its members are not going to allow the riddling of property in that way. On the other hand, I direct the Senator's attention to the fact that, whether he was a party to it or not, hundreds—I do not know but that the number reached thousands—of many kinds of motor cars and trucks have been transferred by the War Department to other departments under bills, such as the Post Office appropriation bill and the Agricultural appropriation bill, for road building and other purposes. The Appropriations Committee had no control of the matter in those instances. We did, however, at one time attempt to control it.

A few years ago, at a time when I was not chairman of the Committee on Appropriations, I submitted an amendment, which was adopted, providing that all motor cars and trucks acquired from the War Department should be purchased by other departments. Some other committee, however, a short time thereafter succeeded in having that provision of the law repealed, and left it as it was before. As it is, I am satisfied that we shall save just that much money which we would otherwise spend if we transfer these motor cars and trucks for actual use, keeping strictly to the line and disposing only of those that are really not necessary for the uses of the War Department.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 60, line 8, to strike out "\$25,000" and insert "\$24,000," so as to read:

For purchase of gas, electric current for lighting and power purposes, gas and electric light fixtures, electric light wiring and material, candles, candlesticks, droplights and tubing, gas burners, gas torches, globes, lanterns, and wicks, \$24,000.

The amendment was agreed to.

The next amendment was, on page 60, line 20, to strike out "\$300" and insert "\$500," so as to read:

Street car fares not exceeding \$500.

The amendment was agreed to.

The next amendment was, on page 64, line 7, to reduce the appropriation for expenses of assessing and collecting the internal-revenue taxes from \$30,000,000 to \$29,600,000.

The amendment was agreed to.

The next amendment was, on page 65, line 18, to increase the appropriation for expenses to enforce the provisions of the national prohibition act from \$7,100,000 to \$7,500,000.

The amendment was agreed to.

The next amendment was, on page 65, line 21, after the words "District of Columbia," to insert "if space can not be assigned by the Public Buildings Commission in other buildings under the control of that commission," so as to make the proviso read:

*Provided*, That not to exceed \$49,500 of the foregoing sum shall be expended for rental of quarters in the District of Columbia if space can not be assigned by the Public Buildings Commission in other buildings under the control of that commission.

The amendment was agreed to.

The next amendment was, on page 67, after line 5, to strike out:

New Orleans, La., mint: Assayer in charge, who shall also perform the duties of melter, \$2,500; assistant assayer, \$1,500; chief clerk, who shall perform the duties of cashier, \$1,500; in all, \$5,500.  
For wages of workmen and other employees, \$6,250.  
For incidental and contingent expenses, \$2,000.

Mr. WARREN. Mr. President, I ask that that amendment, being lines 6 to 11 on page 67, go over without action.

Mr. GAY. Mr. President, will the Senator from Wyoming yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Louisiana?

Mr. WARREN. I do.

Mr. GAY. Will not the Senator agree to have that item remain in the bill? It is an item of great importance.

Mr. WARREN. I did not notice the Senator in his place. While I am satisfied that there is very little work there to be done, I am not disposed to cavil on it.

Mr. GAY. I thank the Senator, because it is a matter in which we feel a great interest. It is the only assay office in our section.

Mr. WARREN. If the Senator will ask to have the committee amendment rejected, I shall not object.

Mr. GAY. I ask that that be done.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The next amendment was, on page 69, after line 1, to insert:

Deadwood, S. Dak., assay office: Assayer in charge, who shall also perform the duties of melter, \$1,800; assistant assayer, \$1,200; clerk, \$1,000; in all, \$4,000.  
For wages of workmen and other employees, \$2,000.  
For incidental and contingent expenses, \$1,200.

The amendment was agreed to.

The next amendment was, on page 70, line 18, in the items for Office of Secretary of War, strike out "\$10,000" and insert "\$5,000," so as to read "Assistant Secretary, \$5,000"; and on page 71, line 9, to reduce the total of the appropriation from "\$151,880" to "\$146,880."

The amendment was agreed to.

The next amendment was, on page 72, line 16, to increase the appropriation for additional employees in the office of the Judge Advocate General from "\$20,000" to "\$30,000."

Mr. KING. Mr. President, does the Senator think that there should be additional employees in any of these offices?

Mr. WARREN. Mr. President, it would seem that it would be very necessary where they have had provisions made during war times, either through appropriations in this bill or in others. We are trying to clean up those that we are not appropriating for in the Army appropriation bill and in this bill; but this particular office, and one other that we shall come to soon, have to be provided for, and an apparent increase has to be made here.

For instance, take the Quartermaster General. What will appear here to be \$200,000 or so added is a matter of saving about \$500,000 heretofore appropriated in the Army bill, and we have an agreement there that they will appropriate nothing this year for that purpose. This is of the same general char-

acter. The Judge-Advocate General's Department had \$49,000 last year.

Mr. SMOOT: It is a consolidation of appropriations. They had \$49,000 last year for this very purpose.

Mr. KING. My investigation of some time ago was to the effect that in all of those departments—the Quartermaster General's, The Adjutant General's, and others—there were entirely too many employees; and I feel that the time had now come, two years after the war, when we ought to separate from the service a large number of those who are in these offices.

Mr. WARREN. We are doing exactly that. For instance, there was \$3,000,000 in a lump sum last year that could be allocated to the different offices from that sum. That is cut out entirely. Then there was, and there is yet, about \$10,000,000 standing toward transportation, and so forth, accounts, out of which they would be paying five or six different lines of service which have since been turned over to the Quartermaster Corps. The Quartermaster General has handled it; but in order to facilitate his work, and cut out some 200 or 300 clerks, we have provided here what he is to have. He gets nothing from that allocation that I spoke of as credited last year.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 74, line 19, to increase the appropriation for additional employees in the office of the Quartermaster General from "\$250,000" to "\$543,140."

Mr. KING. Mr. President, I wish to inquire the reason for that increase.

Mr. WARREN. That is exactly what I have stated.

Mr. KING. Is that one of the items embraced in the Senator's statement?

Mr. WARREN. That is the exact item. This officer last year had \$250,000,000 in a lump sum, and then had over \$500,000 from another source, which would have amounted to some seven hundred and odd thousand dollars, and we have reduced it to five hundred and forty-three thousand and some hundred dollars.

Mr. KING. Can it not be reduced a little bit more?

Mr. WARREN. We got down to the very limit.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 74, line 21, after the word "except," to strike out "1 at \$2,400" and insert "1 at \$4,000, 2 at \$3,000 each, 2 at \$2,400 each, 1 at \$2,250, and 5 at \$2,000 each," so as to read:

For additional employees in the office of the Quartermaster General, \$543,140: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum, except 1 at \$4,000, 2 at \$3,000 each, 2 at \$2,400 each, 1 at \$2,250, and 5 at \$2,000 each.

The amendment was agreed to.

The next amendment was, on page 75, line 13, after "\$5,000," to insert "1 at \$3,000," so as to read:

Office of Chief of Finance: For employees in the office of the Chief of Finance, \$325,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum, except the following: One at \$5,000, 1 at \$3,000, 2 at \$2,750 each, 1 at \$2,400, 1 at \$2,250, 4 at \$2,000 each; auditors for Red Cross accounts—1, \$3,500, 1, \$3,000; 4 at \$2,750 each.

The amendment was agreed to.

The next amendment was, on page 75, line 18, in the items for "Office of Surgeon General," to strike out "chemist, \$2,100; assistant chemist, \$1,000," and on page 76, line 3, to reduce the total of the appropriation from "\$182,860" to "\$179,160."

Mr. WARREN. Mr. President, I want to state for the benefit of the Senator from Utah and others that there is one of the heads of a Government department who came to us and asked for nothing in the way of increase, and asked us to cut out those two employees. I refer to the Surgeon General of the Army.

Mr. KING. He deserves a medal.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 78, line 15, to insert the following proviso:

*Provided*, That nothing contained in this act or any other act shall be construed as precluding the detail upon duties of a technical or military nature of not to exceed eight warrant officers or enlisted men of the Coast Artillery Corps in the office of the Chief of Coast Artillery.

Mr. McKELLAR. Mr. President, will the chairman of the committee state what that means?

Mr. SMOOT. Mr. President, I will say that all it means is this: Unless this provision goes in there, we shall have to pay eight employees in the office of the Chief of Coast Artillery.

The amendment provides, however, that we can have those officers detailed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 78, line 25, to insert "except one at \$3,000 and one at \$2,000," so as to read:

Office of Chief of Chemical Warfare Service: For employees in the office of the Chief of the Chemical Warfare Service, \$24,000: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except one at \$3,000 and one at \$2,000.

The amendment was agreed to.

The next amendment was, on page 80, line 22, after the words "the sum of," to strike out "\$81,960" and insert "\$68,300," and in line 24, before the word "shall," to strike out "\$54,640" and insert "\$68,600," so as to read:

Of the foregoing amounts appropriated under public buildings and grounds, the sum of \$68,300 shall be paid out of the revenues of the District of Columbia and \$68,600 shall be paid from the Treasury of the United States.

The amendment was agreed to.

The next amendment was, on page 83, line 11, to insert the following proviso:

*Provided*, That the Secretary of War is authorized and directed to transfer without cost to the Superintendent of the State, War, and Navy Department Buildings one passenger-carrying automobile.

The amendment was agreed to.

The next amendment was, on page 84, line 20, after the word "buildings," to insert:

And the Council of National Defense Building, located on D Street between Seventeenth and Eighteenth Streets NW., and the Corcoran Court Building, located on New York Avenue between Seventeenth and Eighteenth Streets NW. And whenever the Public Buildings Commission determines that any of the Government-owned temporary office buildings in the District of Columbia should not be retained by the United States for office or other purposes, the department, bureau, or commission having charge of the maintenance of said building or buildings is hereby authorized to remove said building or buildings, upon approval of the President, either by sale or otherwise, as may be to the best interests of the United States: *Provided*, That the provisions contained herein shall not apply to the Potomac Park office buildings south of B Street north and west of Seventeenth Street west.

So as to read:

The commission in charge of the State, War, and Navy Department buildings is authorized to remove, by sale or otherwise as may be to the best interests of the United States, units A and B of the Mall group of temporary office buildings and the Council of National Defense Building, located on D Street between Seventeenth and Eighteenth Streets NW., and the Corcoran Court Building, located on New York Avenue between Seventeenth and Eighteenth Streets NW. And whenever the Public Buildings Commission determines that any of the Government-owned temporary office buildings in the District of Columbia should not be retained by the United States for office or other purposes, the department, bureau, or commission having charge of the maintenance of said building or buildings is hereby authorized to remove said building or buildings, upon approval of the President, either by sale or otherwise, as may be to the best interests of the United States: *Provided*, That the provisions contained herein shall not apply to the Potomac Park office buildings south of B Street north and west of Seventeenth Street west.

Mr. SMOOT. Mr. President, that committee amendment ought to be rejected, now that the Council of National Defense has been stricken from the bill.

Mr. McKELLAR. Yes; after it has been stricken from the other bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. SMOOT. Mr. President, just a moment. There may be another building in this amendment. I think we were too hasty in our action.

The PRESIDING OFFICER. The entire amendment was stricken out, instead of the first five lines.

Mr. McKELLAR. My motion was just to strike out down to the period after "northwest" on line 1, page 85. I think the other matter refers to a different subject.

The PRESIDING OFFICER. Without objection, the vote whereby the committee amendment was rejected will be reconsidered. It is now reconsidered.

The ASSISTANT SECRETARY. It is proposed to strike out all after the word "northwest," on line 1, page 85, down to and including line 12.

Mr. SMOOT. No; this amendment is not the one I thought it was. The whole thing ought to stay in, and I will tell the Senator why.

Mr. McKELLAR. May I ask that this amendment may go over until to-morrow, and let me look into it? I see that it refers to something else that I have been examining into, and I should like to look at it until to-morrow.

Mr. SMOOT. It may go over; but I want to say to the Senator that the first part of it, which reads—

The commission in charge of the State, War, and Navy Department buildings is authorized to remove, by sale or otherwise as may be to the best interests of the United States, units A and B of the Mall



group of temporary office buildings and the Council of National Defense Building, located on D Street between Seventeenth and Eighteenth Streets NW., and the Corcoran Court Building, located on New York Avenue between Seventeenth and Eighteenth Streets NW.

Mr. STERLING. It seems to me that that ought to follow our action the other day in refusing the appropriation.

Mr. SMOOT. Not only that, but the two buildings mentioned here are on privately owned land, and they claim that under the present law they have no power to remove those buildings from that privately owned land. This authorizes their removal.

Mr. McKELLAR. I think the part down to the word "north-west," on line 1 of page 85, ought to remain in the bill; but I should like to have the remainder of that item go over until to-morrow and let me look into it, because that authorizes the Public Buildings Commission, at any time it desires, to tear down any of the Government-owned temporary office buildings in the District of Columbia.

Mr. WARREN. Mr. President, if I am allowed to say so, I do not know any reason why our striking out the Council of National Defense prevents disposing of the building.

Mr. McKELLAR. I say I agree to that. I think that ought to remain in the bill.

Mr. WARREN. That should not go out.

Mr. McKELLAR. I think so. I think that ought to stay in the bill.

Mr. WARREN. On the other hand, we are up to this proposition: Either we shall have to make longer leases, because the time has expired or we shall have to remove the buildings.

Mr. McKELLAR. I see that a statement has been made in reference to that, and that was my statement in part; but as to the remainder of the amendment, which reads:

And whenever the Public Buildings Commission determines that any of the Government-owned temporary office buildings in the District of Columbia should not be retained by the United States for office or other purposes the department, bureau, or commission having charge of the maintenance of said building or buildings is hereby authorized to remove said building or buildings, upon approval of the President, either by sale or otherwise, as may be to the best interests of the United States: *Provided*, That the provisions contained herein shall not apply to the Potomac Park office buildings south of B Street north and west of Seventeenth Street west—

I hope the Senator will let that go over until to-morrow.

Mr. WARREN. If the Senator desires it, that may go over. Of course, on general principles, if we do not make some such provision whenever we want to tear down some of those buildings that are under expense for watchmen and policemen and all of that we would have to come to Congress for it; but we shall pass that over.

Mr. McKELLAR. Yes; I understand what is intended. On the other hand, we are paying enormous sums in rent.

Mr. SMOOT. Let it go over until to-morrow.

Mr. McKELLAR. I may agree to it, but I want it to go over.

Mr. SMOOT. I can divide it to-morrow.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment was, on page 106, line 6, in the items for Indian Office, before the words "of class 2," to strike out "thirty-four" and insert "thirty-eight"; in the same line, before the words "of class 1," to strike out "sixty" and insert "sixty-eight"; in line 7, before the words "at \$1,000 each," to strike out "thirty" and insert "thirty-two"; in line 9, before the word "messenger," to insert "2 at \$720 each"; in the same line, before the words "assistant messengers," to strike out "two" and insert "four"; and in line 10 to change the total of the appropriation from "\$300,710" to "\$320,790," so as to make the paragraph read:

Indian Office: Commissioner, \$5,000; assistant commissioner, \$3,500; chief clerk, \$2,750; financial clerk, \$2,250; chiefs of divisions—1 \$2,250, 1 \$2,000; law clerk, \$2,000; assistant chief of division, \$2,000; private secretary, \$1,800; examiner of irrigation accounts, \$1,800; draftsmen—1 \$1,400, 1 \$1,200; clerks—20 of class 4, 31 of class 3, 2 at \$1,500 each, 38 of class 2, 68 of class 1 (including 1 stenographer), 32 at \$1,000 each (including 1 stenographer), 34 at \$900 each, 2 at \$720 each; messenger; 4 assistant messengers; 4 messenger boys, at \$420 each; in all, \$320,790.

The amendment was agreed to.

The next amendment was, on page 106, line 22, in the items for the Pension Office, after the words "deputy disbursing clerk," to strike out "\$2,500" and insert "\$2,750"; and, on page 107, line 3, to increase the total of the appropriation from "\$1,174,670" to "\$1,174,920."

The amendment was agreed to.

The next amendment was, on page 109, line 16, after the words "foreign Governments," to insert "production of foreign patent drawings," so as to read:

For producing copies of weekly issue of drawings of patents and designs; reproduction of copies of drawings and specifications of exhausted patents, designs, trade-marks, and other papers; expense of transporting publications of patents issued by the Patent Office to for-

eign Governments; production of foreign patent drawings; photo prints of pending application drawings; and photostat supplies and dry mounts; \$280,000.

The amendment was agreed to.

The reading was continued to line 9, on page 114.

#### GOOD ROADS.

Mr. SWANSON. Mr. President, I desire to offer an amendment to the Post Office appropriation bill. A few days ago a bill passed the House of Representatives making an appropriation of \$100,000,000 for continuance during the fiscal year ending June 30, 1922, of the present appropriation for the improvement of roads.

I am apprehensive that the bill can not pass as a separate measure, because I do not believe anything will pass, except the appropriation bills, at this short session of Congress. It is of the utmost importance that this policy should be continued. A great many legislatures meet the coming summer and next fall, and consequently without action by Congress the States will not know what policy to pursue in connection with those improvements. Therefore I offer the amendment to the Post Office appropriation bill.

Thinking possibly it might be subject to a point of order, as it contains some additional legislation, I desire to give notice that under Rule XL, I will move to suspend paragraph 3 of Rule XVI, in order that I may propose to the bill (H. R. 15441) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1922, and for other purposes, the following amendment, being the House bill which I have indicated.

Mr. THOMAS. I should like to ask the Senator what amount of appropriation his amendment carries?

Mr. SWANSON. It continues the present policy of \$100,000,000 a year.

Mr. THOMAS. Can the Senator state how much of the previous appropriation is still unexpended?

Mr. SWANSON. All of it is practically under contract. I think there is about \$200,000,000, but most of it is under contract.

Mr. THOMAS. Only \$200,000,000? Then the Senator proposes, although \$200,000,000 heretofore appropriated has not been expended but is under contract, to appropriate \$100,000,000 additional, in view of the present condition of the Treasury?

Mr. SMOOT. The Senator should be very thankful it is not more than that is asked.

Mr. THOMAS. I presume it will be more.

Mr. SWANSON. All of it has not been expended; but, as I said, the contracts have been let by which the States will have furnished two or three times as much as the Federal Government, but by 1922 the entire money appropriated will have been utilized by the States furnishing their pro rata part. The entire policy would be discontinued on the 30th of June, 1921, unless this appropriation were made.

Mr. THOMAS. Then it will probably discontinue, because it will not be made.

#### RECESS.

Mr. WARREN. Mr. President, we have made a pretty long day of it, and I move that the Senate take a recess until to-morrow at 11 o'clock.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m.) the Senate took a recess until to-morrow, Saturday, February 12, 1921, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

FRIDAY, February 11, 1921.

The House met at 11 o'clock a. m.

The Rev. James Shera Montgomery, D. D., pastor of Calvary Methodist Episcopal Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, we still live in Thy remembrance. Therefore, accept our renewed pledge of gratitude. To-day give encouragement to all men who labor and guidance to those who are in perplexity, and may we know with growing emphasis that Truth's errands can not fail, and all good work is immortal. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### NAVAL APPROPRIATION BILL.

Mr. MONDELL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 15973, the naval appropriation bill.